

500 MW COAL BASED TPP, APGENCO, VIJAYAWADA, ANDHRA PRADESH CHIMNEY & COOLING TOWER



CHAIRMAN'S MESSAGE



Dear Shareholders,

I have great pleasure in extending greetings and welcome to the shareholders of the company, who have reposed confidence in the company and in me as the promoter of the company.

I am delighted to share with you that the year 2007-08 has been an eventful year for the company.

- The company's name was changed to "BGR Energy Systems Limited".
- SAP was successfully implemented across all business divisions of the company.
- Standard Operating Systems and Procedure (SOSP) became operational.
- The IPO of the company was over-subscribed 120 times and the company's shares were listed on BSE and NSE.
- The company achieved market leadership in the business of Balance of Plant (BOP) and was qualified for large EPC contracts of 600 MW projects.
- The turnover of the company crossed an all-time high of Rs.1500 Crores. The top line grew over 191% and EBIDTA grew by 171% over the previous financial year. The post tax profit achieved a strong growth of 223%
- The Board was broad-based with four independent Directors

FUTURE OUTLOOK

A recent report by an international consultancy firm on "Electrical power and Natural Gas practice" indicates that the country's demand for power is likely to soar from around 120 GW at present to 315 – 335 GW by 2017. India will therefore require a generation capacity of 415 – 440 GW after adjusting for plant availability and spinning reserve. This is inevitable to sustain a growth rate of 8% to 9%. This implies multiplication of capacity and not just addition. This will offer huge business opportunities for your company in as much as about 30 GW have to be added in an average per year. This will turnout to be the largest business opportunity in power sector in the entire world.

COMPANY IN A SWEET SPOT

Your company is well positioned and placed in a sweet spot to capture the high growth business opportunities. Considering the company's past track record coupled with in-house design, engineering capability and the basket of products and packages from within the group, your company's prospects for continued high growth appears quite promising. Your company is gearing up to strategically manage the challenges arising out of inflationary trends of input costs, increasing employee costs and interest costs.

GEARING UP FOR FUTURE GROWTH

The Group is taking necessary steps to increase the capacity of manufacturing units in India as well as setting up a new unit in Middle East. This should become operational in the next financial year. Action has been initiated to augment additional manpower so as to be fully prepared to capture the growth opportunities especially in the power sector. Part of this has been accomplished in the last financial year.

EXPORTS

The company has achieved 103% growth in its export business in 2007-08 and is likely to achieve substantially higher growth in the current financial year based on Orders already secured. Strategic initiatives are under way to take your company's products to the overseas markets and achieve a significant market share in the global market.

STRONG FOUNDATION

The company has built a strong foundation driven by good quality and on-schedule completion of orders. Large size projects have been completed satisfactorily both in terms of quality as well as in terms of schedule. The company is therefore poised for rapid growth in the BOP and EPC segments of Power sector and a good growth in the export market for its products business.

Finally, I would like to express my sincere gratitude to the dedicated and hardworking employees of the company. I wish to convey my appreciation for the support of our valued customers, vendors, bankers, shareholders and members of the board.

We have positioned a strong leadership team to steer and grow each business vertical and I look forward to a great future and another successful and challenging year ahead.

I look forward to your continued support, trust and beneficial participation in the growth of the Company.

With best regards

of plan

B.G. RAGHUPATHY Chairman and Managing Director



CORPORATE INFORMATION

BOARD OF DIRECTORS

B G Raghupathy Chairman & Managing Director S Rathinam Director - Finance V R Mahadevan Whole Time Director S A Bohra Director M Gopalakrishna Director S R Tagat Director Heinrich Bohmer Director Sasikala Raghupathy Director

COMPANY SECRETARY

R Ramesh Kumar President - Corporate & Secretary

CHIEF EXECUTIVE OFFICERS

A Swaminathan Power Projects

Major H L Khajuria Environmental Engineering
G Suresh Captive Power

V Balakrishnan Electrical Projects

S Ilanchezhiyan Air Fin Cooler

N Murali Oil and Gas Equipment

P R Easwar Kumar Chief Financial Officer

BGR ENERGY SYSTEMS LIMITED



STATUTORY AUDITORS

M/s. Manohar Chowdhry & Associates Chartered Accountants, Chennai

INTERNAL AUDITORS

M/s. J V Associates

Cost Accountants & Public Auditors, Chennai

M/s. B B Naidu & Co.

Chartered Accountants, Chennai

M/s. V Krishnan & Co.

Chartered Accountants, Chennai

M/s. Ramachandran & Murali Chartered Accountants, Chennai

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

State Bank of Indore

IDBI Bank limited

UCO Bank

Indian Bank

Corporation Bank

Punjab National Bank

REGISTERED OFFICE

A-5, Pannamgadu Industrial Estate Ramapuram Post, Sullurpet Taluk Nellore District, Pin: 524401

CORPORATE OFFICE

443, Anna Salai Teynampet Chennai 600018 India

REGISTRAR AND SHARE TRANSFER AGENT

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

REGIONAL OFFICES

Delhi

48, Okhla Industrial Estate, Phase III New Delhi 110020

Mumbai

Unit No. 171, Building No.1 7th Floor, Solitaire Corporate Park, Chakala Andheri (East), Mumbai 400093

Hyderabad

8-2-120/86/5, Sneha House, III Floor Road No. 3 Banjara Hills, Hyderabad 500034

Web Site

www.bgrcorp.com



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To the Members of

BGR ENERGY SYSTEMS LIMITED

Your directors have great pleasure in presenting their Twenty Second Annual Report together with the audited financial statements for the year ended March 31, 2008 to the extended family of the share holders and other stake holders of the company.

INITIAL PUBLIC OFFERING ("IPO") OF EQUITY SHARES OF THE COMPANY

During the year under review, your Company successfully completed its maiden Initial Public Offering. The IPO received overwhelming response from the Global investors while the subscription book received bids from FIIs, MFs, QIBs, PSU banks, private banks, foreign banks, HNIs and Retail Investors. The company has issued 2,880,000 and 1,440,000 equity shares to Citigroup (CVC) and Reliance Mutual Fund respectively by way of Pre – IPO allotment. The IPO was opened for public subscription on December 5, 2007 and closed on December 12, 2007. Through the IPO and pre-IPO placement, your company and promoters issued 13,456,000 equity shares which led to public share holding of 18.69% in your company. The issue was oversubscribed by a record 119.54 times on overall basis. The trading in fully paid shares of the Company commenced on January 3, 2008 at NSE and BSE.

The year 2007-08 has been a defining mark in your company's efforts to become a major player in EPC business in power sector. The IPO showed the huge appetite for your company's stock and your company made a paradigm shift with aplomb from a closely held company to a widely held public listed company.

FINANCIAL RESULTS

During FY 2007-08, your company achieved total income of Rs.1507.75 crore as against the previous year's (annualised) turnover of Rs.518.47 crore, accounting for a topline growth of 191%. Your company also registered a sharp growth in profitability. The key parameters of EBIDTA and PAT witnessed a growth of 164% and 223% over the previous year. The highlights of the financial performance of the company during the year March 31, 2008 in comparison with the previous financial period ended March 31, 2007 are summarized below:

(Rs. in Crore)

Description	2007-08	2005 -07
	(12 Months)	(18 Months)
Total Income	1507.75	777.70
Expenditure	1352.25	691.63
Profit before Interest, depreciation and tax	155.50	86.07
Interest	25.22	17.44
Depreciation	5.02	8.13
Profit before tax	125.25	60.50
Provision for tax and FBT	40.81	21.31
Profit after tax	84.44	39.19
Surplus brought forward from previous year	9.06	31.58
Amount available for appropriation	93.50	70.77
Less:		
a) Dividend	14.40	3.24
b) Tax on dividend	2.44	0.55
c) Transfer to general reserve	8.44	3.92
Balance carried to Balance Sheet	68.22	63.06

CONSOLIDATED REVENUE AND PROFIT

Your Company's consolidated revenue and profitability too show an upward trend in Financial performance.

(Rs. in Crore)

Description	2007-08	2005-07
Sales	1522.84	790.28
EBIDTA	160.53	88.71
PAT	88.46	40.81

DIVIDEND

Your directors, after taking into account the financial results of the Company during the year, recommend payment of a dividend of Rs.2/- per equity share of Rs.10/- each for the FY 2007 - 08. The equity shares allotted to Pre – IPO investors and the public would receive the dividend for the full year. Your directors wish to carry an amount of Rs.68.22 crore to the Balance Sheet after appropriation towards dividend, corporate dividend tax and transfer to general reserves.



BUSINESS TRANSFER

During the year under review, your company sold its Energy Division business to GEA BGR Energy System India Limited for a consideration of Rs.25.00 Crore. This was effective from July 1, 2007. In view of the change in business mix, the financial results of your company are not strictly comparable with previous year figures.

SCHMITZ GMBH

Schmitz Reinigungskugeln GmbH, a wholly owned overseas subsidiary in Germany ceased to be a subsidiary of your company effective from July 1, 2007 pursuant to the execution of the Share Transfer Agreement between the company and Schmitz India Private Limited. As the business of cleaning balls relates to Energy Division it was thought prudent to transfer the Overseas subsidiary.

BUSINESS PERFORMANCE

During the year under review, the company has achieved quantum increase in turnover, profit and networth. This was yet another land mark year for your company, as it delivered record financial and operating performance amidst challenging and volatile commodity market conditions. The unprecedented uptrend in key raw material cost viz., steel, cement, copper and out sourced equipments and components has been a daunting challenge which your company has faced and overcome.

A brief overview of the significant operational and business developments in various businesses / projects are given below;

- i) During the FY 2007-08, your company secured Balance of Plant contract for;
 - a) 500 MW coal based project at Khaperkheda from Mahagenco for a value of Rs.998 Crore,
 - b) 500 MW coal based project at Kothagudam from APGENCO for a value of Rs.793 Crore.
- ii) Your company created a National record by completing 151 meter NDCT tower in 521 days at Vijayawada Thermal Power Station. This is the second tallest NDCT in India. Similarly the chimney having a height of 275 meter for Vijayawada 500 MW TPS was completed in 137 days, which is a record in India. The entire design, engineering and construction of these gigantic structures were carried out by your company in house.
- iii) The product division viz., Air Fin Cooler has doubled its turnover and achieved an all time high turnover of Rs.126.77 Crore.

- iv) Environmental Engineering division implemented India's largest 12 MLD RO plant for Textile effluent recycling plant.
- Electrical projects division has executed a state of art technology project for laying Optic Fibre Ground Wire ("OPGW") on new and existing high voltage power transmission lines.

FUTURE OUTLOOK – CURRENT YEAR AND YEAR AHEAD

The company's current order book stands over Rs.11,000 Crore which is higher by Rs.7,800 Crore over the order book as of end of the year under review. This robust growth in order book will enable your company to achieve a quantum growth in its turnover and profitability in the current year.

The Plan targets for capacity addition in power sector during the 11th and 12th Plan period offer manifold growth opportunities for EPC and BOP companies in India. This capacity addition targets are expected to witness upward revision in the backdrop of strong economic growth and more particularly low per capita power consumption in India. These opportunities are expected to facilitate improvement in the order book in the current year and the year ahead. Consequently, your Board of Directors are confident of delivering improved financial results.

EMPLOYEE STOCK OPTION SCHEME

Members' approval was obtained at the Annual General Meeting held on July 11, 2007 for introduction of Employee Stock Option Scheme ("ESOS") 2007. Disclosure in respect of ESOS is given in Annexure I of this report.

PERFORMANCE OF SUBSIDIARY

Your company's subsidiary, Progen Systems and Technologies Limited, engaged in the business of manufacture of Welded Finned Tubes and Pressure Vessels for power and process industries, has achieved improvement in business performance. Progen recorded a turnover of Rs. 17.67 crore and net profit of Rs.3.70 crore for the year ended March 31, 2008. Statement under Section 212 of the Companies Act, 1956 is attached to this report.

DISCLOSURES

The information pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 as amended from time to time with respect to conservation of energy and technology absorption are not applicable to your company. During the FY 2007 - 08 the foreign exchange earnings and outgo were Rs.130.57 crore and Rs.8.16 crore respectively.



The particulars required under Section 217(2A) of the Companies Act, 1956 and the Rules made thereunder are given in Annexure – II.

BOARD OF DIRECTORS

Mr.V.K. Gupta, Mr.G. Radhakrishnan and Mr. S.K. Sridhar resigned from the Board of the Company with effect from July 18, 2007. The Board places on record, its deep appreciation of the valuable services and counsel rendered by them during their tenure.

Pursuant to the provisions of Section 260 of the Companies Act, 1956, Mr. Heinrich Bohmer, Mr. M. Gopalakrishna, Mr.S.R. Tagat and Mr.S.A. Bohra were appointed as additional directors with effect from July 18, 2007. Mr. Heinrich Bohmer, Mr.M. Gopalakrishna, Mr.S.R. Tagat and Mr.S.A. Bohra would hold office upto the date of the ensuing annual general meeting. The Company has received notices in writing from members proposing their candidature under Section 257 of the Companies Act, 1956. The appointment of the above directors are in the best interest of the Company and the Board recommends their appointment. A brief biodata of these directors are given in the Notice. Mrs. Sasikala Raghupathy, Director retires by rotation and being eligible for re-appointment, offers herself for re-appointment. A brief biodata of Mrs. Sasikala Raghupathy is given in the Notice. The Board recommends her re-appointment.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' responsibility statement, it is hereby confirmed that:

- a) In the preparation of the annual accounts for the year ended March 31, 2008 the applicable accounting standards have been followed and proper explanations were provided for material departures, if any;
- b) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2008 and of the profit of the company for the year ended March 31, 2008;
- 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, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

d) The directors have prepared the annual accounts for the year ended March 31, 2008 on a going concern basis;

AUDITORS AND AUDITORS' REPORT

M/s. Manohar Chowdhry & Associates, Chartered Accountants, statutory auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting of the Company. They have offered themselves for re-appointment as statutory auditors and have confirmed that their appointment, if made, would be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956.

The notes to accounts forming part of the financial statements are self explanatory and need no further explanation. There are no qualifications or adverse remarks in the Auditors Report which require any clarification / explanation.

CORPORATE GOVERNANCE

As per the requirements of Clause 49 of the Listing Agreement a report on Corporate Governance together with the following are attached to this report.

- a) CEO & CFO certificate.
- b) Declaration on Code of Conduct
- c) Certificate from the Company Auditors.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (MDA)

The Management Discussion and Analysis on the business and operations of the Company is attached to this report.

ACKNOWLEDGEMENTS

Your Directors place on record their sincere gratitude to the investors for their overwhelming support and confidence reposed in them. Your Directors express their appreciation of the valuable support and co-operation received from consortium of banks, business associates, customers, vendors and various statutory authorities. Your Directors place on record their sincere appreciation of the contribution made by the employees of the Company at all levels through their hard work, dedication and support.

For and on behalf of the Board

Place : Chennai B. G. Raghupathy
Date : July 30, 2008 Chairman & Managing Director



Annexure I DISCLOSURE IN THE DIRECTORS' REPORT AS PER SEBI GUIDELINES:

	Particulars	2007-08
a	Options granted	704,770
b	Exercise Price	Rs. 408
С	Options Vested	Nil
d	Options Exercised	Nil
e	Total no. of shares arising as a result of exercise of Options	704,770
f	Options lapsed *	Nil
g	Variation in terms of Options	Nil
h	Money realised by exerise of Options	Nil
i	Total number of options in force	704,770
	*Lapsed options include options forfeited and options cancelled / lapsed	·
j	Employee wise details of options granted to: - Senior Managerial Personnel	
	Name of the Person	Number of
		options
	S.Rathinam	20,000
	V.R.Mahadevan	20,000
	A. Swaminathan	43,590
	H.L.Khajuria	15,680
	R.Ramesh Kumar	20,000
	G.Suresh	18,670
	V.Balakrishnan	12,950
	S.Ilanchezhiyan	11,000
	N Murali	13,740
	P.R. Easwar Kumar	11,000
	- any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	None
	- employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding warrants and conversions) of the company at the time of grant	None

	Partio	culars	Rs. In Million
k	issue calcu	ed earnings per share pursuant to of shares on exercise of option lated in accordance with AS 20 ings per Share' (Rs.)	12.51
I		rma Adjusted Net Income and ngs Per Share	
	Net I	ncome	
	As Re	eported	844.43
	Add: Cost	Intrinsic Value Compensation	Nil
	Less:	Fair Value Compensation Cost	11.31
	Adjus	sted Pro Forma Net Income	833.12
	Earni	ngs Per Share: Basic	
	As Re	eported (Rs.)	12.64
	Adjus	sted Proforma (Rs.)	12.47
	Earni	ngs Per Share: Diluted	
	As Re	eported (Rs.)	12.51
	Adjus	sted Proforma (Rs.)	12.34
m	-	hted average exercise price of ons granted during the year e	
	(a)	Exercise price equals market price	NA
	(b)	Exercise price is greater than market price	408
	(c)	Exercise price is less than market price	NA
	-	hted average fair value of ns granted during the year e;	
	(a)	Exercise price equals market price	NA
	(b)	Exercise price is greater than market price	60.07
	(c)	Exercise price is less than market price	NA



n Description of method and significant assumptions used to estimate the fair value of options: The fair value of the options granted has been estimated using the Black-Scholes option pricing Model. Each tranche of vesting have been considered as a separate grant for the purpose of valuation. The assumptions used in the estimation of the same has been detailed below:

	Weighted average values for options granted during the year
Variables	
Stock Price (Rs.)	186.00
Volatility	54.02%
Risk free Rate	7.48%
Exercise Price (Rs.)	408.00
Time To Maturity	5.25%
Dividend yield	1.08%
	60.07%

Stock Price: The latest available valuation as per the independent valuer has been considered for the purpose of option valuation for the options granted

Volatility: We have considered the historical volatility of the listed peer group company for a period of 3 years preceding the date of grant.

Risk-free rate of return: The risk-free interest rate being considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on the zero-coupon yield curve for Government Securities.

Exercise Price: The options have been granted at Rs. 85% of the issue price i.e. Rs. 408/- per share per option.

Time to Maturity: Time to Maturity / Expected Life of options is the period for which the Company expects the options to be live. The minimum life of a stock option is the minimum period before which the options cannot be exercised and the maximum life is the maximum period after which the options cannot be exercised.

Expected divided yield: Expected dividend yield has been calculated for the financial year preceding the date of grant.



ANNEXURE - II

Sl. No. Name and Designation Qualification	Qualification	Age years	Date of Commencement of Employment	Experience	Remuneration (Rs.)	Previous Employment
B. G. Raghupathy, Chairman & Managing Director	B. Sc.,	55	February 18, 1985	34 Years	9/8/99/82/9	Chief Executive - Introls
S. Rathinam, Director - Finance	B.Sc., F.C.A.	57	May 16, 1992	30 years	45,39,304	Joint General Manager - Finance - Tamil Nadu Industrial Explosives Ltd.
A. Swaminathan, President - Power Projects	B.Tech.,	52	May 22, 1997	30 Years	38,33,111	General Manager - Tata Electric Co., Ltd.
V.R. Mahadevan, Whole Time Director	B.E., P.G.D.M.	48	August 1, 1987	26 years	36,39,755	Project Manager, Best & Crompton Ltd.
Krishna Kumar, President - IPP	B.Tech., M.Tech.	57	September 11, 2006	32 Years	28,29,967	Managing Director, PSEG India Pvt Ltd.
R. Ramesh Kumar, President - Corporate & Secretary	M.A., F.C.S., A.C.I.S. (U.K.)	46	November 20, 1992	21 years	26,30,624	Company Secretary - Tamil Nadu Industrial Explosive Ltd.
Major H.L. Khajuria, President - Environmental Engineering	B.E.	09	October 29,1997	38 Years	25,61,706	General Manager - Instrumentation Ltd.
H.Venugopal, * Executive Director	B.E., D.M.S. D.L.M.	59	August 1, 2007	34 Years	22,16,721	Vice President - Tata Projects Ltd.
B.K. Bhattacharya, * Vice President	B.E., D.I.I.T.	59	October 26, 2007	37 years	11,28,000	Sr. General Manager - Tata Projects Ltd.

* Employed for Part of the Year.

Gross remuneration shown above is subject to tax and comprise Salaries, Bonus, Allowances, Medicals benefits, Gratuity, Leave travel assistance as applicable in accordance with the Company's rules, Company's contribution to Provident Fund and perquisites evaluated as per Income Tax rules.

Commission paid to the Managing Director is computed in accordance with the provisions of the Companies Act, 1956. 5.

Nature of Employment: The above employees are whole time employees of the Company during the year ended March 31, 2008 and the nature of their employment was contractual.

^{4.} None of the employees is a relative of any Director of the Company.

Corporate Governance Report



Your Company is committed to observe and practice high standard of Corporate Governance in all its affairs, processes, policies, systems and procedures. The Board of Directors shall endeavour to create an environment of fairness, equity and transparency in transactions with the underlying objective of securing long term shareholder value creation and enhancement while, at the same time, respecting the rights of all stakeholders viz., Banks, Employees, Central and State Governments and the society at large.

The Board of Directors is developing Corporate Governance guidelines to facilitate due discharge of corporate responsibilities to all stake holders. These guidelines would provide necessary authority and review mechanism for sustained improvement of governance standards.

BOARD OF DIRECTORS

In conformity with the Corporate Governance philosophy all statutory and other significant material information are placed before the Board of Directors 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 company formulated and implemented a 'Standard Operating System and Procedure' which governs the policy, system and procedure relating to management of business of the Company and to report to the Board all relevant information and to seek authority and direction from the Board of Directors. The Board of Directors currently consists of Eight members. Other than the Managing Director and two whole time directors all other members of the Board are non-executive directors including four, who are independent directors.

MEETINGS OF THE BOARD

The Board meetings are held at the Corporate Office. The Agenda for the meeting are prepared by the Company Secretary in consultation with the Chairman and Managing Director. The notes for consideration of Agenda items are circulated to the Directors. The Company is now improving these practices so as to enable more effective and fruitful participation by the Board. The Board meets at least once in a quarter. The following information would be placed before the Board.

- 1. Annual operating plans and budgets and any updates.
- 2. Capital budgets and any updates.
- 3. Quarterly results for the company and its operating divisions or business segments.
- 4. Minutes of meetings of audit committee and other committees of the board.

- The information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
- 6. Show cause, demand, prosecution notices and penalty notices which are materially important.
- 7. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- 8. Any material default in financial obligations to and by the company, or substantial nonpayment for goods sold by the company.
- 9. Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.
- 10. Details of any Joint Venture or Collaboration Agreement.
- 11. Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources / Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.,
- Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business.
- 14. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- 15. Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

In addition, all important and strategic matters will also be placed before the Board meetings for consideration, review and requisite decision making.

During the FY 2007 - 08, 7 (Seven) Board Meetings were held on April 27, 2007, May 25, 2007, June 22, 2007, July 7, 2007, July 18, 2007, November 3, 2007 and January 28, 2008 and not more than four months elapsed between any two meetings.

Particulars of the Directors' attendance at the Board Meeting and the last Annual General Meeting and particulars of their other company directorship and committee memberships are given below:



Name & Category of the Director	meeting	Attendance at meetings during 2007-2008		rectorship, Membership rmanship
Name & Category of the Director	Board Meetings	Last ACM	Other Directorship @	Committee Membership& Chairmanship
Mr. B.G. Raghupathy Chairman & Managing Director	7	Yes	16	-
Mrs. Sasikala Raghupathy Director	6	Yes	11	-
Mr. S. Rathinam Director – Finance	7	Yes	5	1
Mr. V.R. Mahadevan Director—Technologies & HR	6	Yes	6	1
Mr. S.K. Sridhar 'Director	0	Yes	-	-
Mr. G. Radhakrishnan "Director	0	No	-	
Mr. V.K. Gupta, *Director	0	No	-	-
Mr. Heinrich Bohmer, *Director	2	N.A.	-	1
Mr. M. Gopalakrishna, "Director	3	N.A.	9	1 (1 Chairmanship)
Mr. S.A. Bohra, **Director	3	N.A.	-	1
Mr. S.R. Tagat, "Director	2	N.A.	-	1 (1 Chairmanship)

- * Mr. Mr. S.K. Sridhar, Mr. G. Radhakrishnan and Mr. V.K. Gupta resigned from the Board with effect from July 18, 2007.
- ** Mr. Heinrich Bohmer, Mr. M. Gopalakrishna, Mr. S.A. Bohra and Mr. S.R. Tagat were co-opted as additional Directors with effect from July 18, 2007.
- Other directorship of Mr. B.G. Raghupathy includes 10 directorship in Private Companies.
 Other directorship of Mrs. Sasikala Raghupathy includes 6 directorship in Private Companies.
 Other directorship of Mr. S. Rathinam includes 1 directorship in Private Company.
 Other directorship of Mr. V.R. Mahadevan includes 3 directorship in Private Companies.
 Other directorship of Mr. M. Gopalakrishna includes 3 directorship in Private Companies.

The Board constituted the following committees.

AUDIT COMMITTEE

The Audit Committee of the Company was constituted in the year 2000 and was reconstituted at the Board Meeting held on July 18, 2007. The terms of reference of the Audit Committee are as given below, which cover all applicable matters specified under clause 49 of the listing agreement and Section 292A of the Companies Act, 1956.

- Oversight of company's financial reporting process and disclosure of its financial information.
- 2. Recommendation to the Board for appointment and fixation of remuneration of Statutory Auditors.
- 3. Approval of payment to Auditors for other services.

- Appointment and fixation of remuneration of Internal Auditors.
- 5. Review of Quarterly, Half yearly and Annual financial statements and all related statements before submission to the Board.
- Review of uses and application of funds raised through IPO.
- 7. Review of Internal Control System and adequacy thereof and to ensure compliance thereof.
- 8. Review of scope of internal audit and structure of internal audit function.
- 9. Review of action taken on observations of auditors.
- 10. Review in change in accounting policies and practices.
- 11. Review and discussion on qualifications in auditors' report.
- 12. Review of disclosure of related party transactions.
- 13. Investigation into fraud and irregularities etc., and action taken thereon.
- 14. Review of servicing and defaults of institutional and bank loans and debts.
- 15. Review of company's financial and Risk Management Policies.
- Review of all mandatory reports furnished by the Board to the Shareholders.
- 17. Review of compliance with Tax Laws.
- 18. Any other matter referred to the Audit Committee by the Board of Directors of the Company.

The members of the Audit Committee are:

- a) Mr. S.R. Tagat, (Independent Director) Chairman
- b) Mr. S.A. Bohra, (Independent Director) Member
- c) Mr. S.Rathinam, (Director Finance) Member

The Composition of the Audit Committee is in confirmity with clause 49 and Section 292 A of the Companies Act, 1956. The Company's Managing Director, Chief Financial Officer, Statutory and Internal Auditors of the Company are permanent invitees to the Audit Committee meetings. The Company Secretary acts as the Secretary to the Committee.

As required under Clause 49 of the Listing Agreement, there were two meetings of the reconstituted Audit Committee held during FY 2007 - 08 on November 3, 2007 and January 28, 2008.

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



Name of the Member	No. of Meetings attended
Mr. S.R. Tagat	2
Mr. S.A. Bohra	2
Mr. S.Rathinam	2

REMUNERATION OF DIRECTORS

Name of Director	Remuneration	Sitting Fees
	(Rs.)	(Rs.)
Mr. B.G. Raghupathy,		
Chairman &	6 59 66 976	
Managing Director	6,58,66,876	-
Mrs. Sasikala Raghupathy, Director		48,000
	-	40,000
Mr. S. Rathinam, Director - Finance	4,539,304	
	7,333,304	_
Mr. V.R. Mahadevan, Director - Technologies & HR	3,639,755	_
	3,033,733	
Mr. S.K. Sridhar, Director	-	-
Mr. G. Radhakrishnan,		
Director	-	-
Mr. V.K. Gupta,		
Director	-	-
Mr. Heinrich Bohmer,		40.000
Director	-	40,000
Mr. M. Gopalakrishna,		
Director	-	60,000
Mr. S.A. Bohra,		
Director	-	1,00,000
Mr. S.R. Tagat,		
Director	_	80,000

COMMITTEE OF DIRECTORS

The Board of Directors at its meeting held on May 25, 2007 constituted a Committee of Directors. The Committee of Directors consists of Mr. V.R. Mahadevan, Director Technologies & HR, Mr. S. Rathinam, Director - Finance and Mr. B.G. Raghupathy, Chairman & Managing Director. The quorum for Committee meetings is two members or one third of the total strength of the Committee, whichever is higher. There were 6 (six) meetings of Committee of Directors held during FY 2007 - 08 on August 14, 2007, August 25, 2007, September 3, 2007, November 22, 2007, December 22, 2007 and February 2, 2008. The following are the terms of reference of the Committee of Directors.

- a) Borrowing moneys from Banks, NBFCs, companies, firms, and other institutions by way of overdraft, cash credit, hire purchase, lease and other funded and nonfunded 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 Rs.2000 Crore (Rupees Two 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.
- b) 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.

COMPENSATION COMMITTEE

The Compensation Committee was constituted by the Board at its Meeting held on July 18, 2007 and comprises the following Members.

- Mr. B.G. Raghupathy, Chairman & Managing Director -Chairman
- b) Mr. M. Gopalakrishna, Independent Director Member
- c) Mr. S. A. Bohra, Independent Director Member

The terms of reference of the Compensation Committee are the administration of the Employee Stock Option Plans of the Company. The Compensation Committee met once during the year on July 18, 2007 and approved the Employee Stock Option Plan, 2007 of the Company.

SHAREHOLDERS AND INVESTORS GRIEVANCE COMMITTEE

The Shareholders and Investors Grievance Committee comprises of Mr. M. Gopalakrishna, Chairman of the Committee, Mr. Heinrich Bohmer and Mr. V.R. Mahadevan, Members. The Committee would review and redress all investors grievances and complaints in general meeting including non-receipt of dividends, annual reports and refund.

Post the Company's IPO, the Company received 7860 complaints from Investors / Shareholders as at March 31, 2008. All the complaints were responded to as per applicable guidelines and regulations. As at March 31, 2008 there were no pending share transfers.

The Committee held a meeting on June 12, 2008 and reviewed the status of pending investor complaints and steps taken by the Company to redress the same.



SHARE TRANSFER COMMITTEE

The Board of Directors at its meeting held on June 12, 2008 constituted the Share Transfer Committee. The Share Transfer Committee consists of Mr.B.G.Raghupathy, Chairman & Managing Director, Mr. S. R. Tagat, Director, Mr.S.Rathinam, Director - Finance and Mr. V. R. Mahadevan, Director - Technologies & HR.

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

- To approve remat request and issue physical share certificates.
- b) To approve and register, transfer and transmission of equity shares.
- c) To register power of attorney or any similar documents.
- d) To sub-divide, split, consolidate and issue share certificates.
- e) To affix or authorise affixation of Common Seal of the company on the share certificates, and
- to do all such acts, things and deeds as may be necessary and incidental of the exercise by 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.

GENERAL BODY MEETINGS

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

Year	Date	Time	Venue
FY 2006 - 07	July 11, 2007	10.00 AM	Registered Office
FY 2005 - 06	March 30, 2006	10.00 AM	Registered Office
FY 2004 - 05	March 28, 2005	10.00 AM	Registered Office

All the resolutions, including special resolutions, were passed by the shareholders as set out in the respective notice. No resolutions were put through postal ballot during the last year.

CODE OF CONDUCT

The Board of Directors has adopted a code of conduct, applicable to directors and to employees of the Company. This has been posted on the Company's website for strict compliance. The Company has obtained declarations from

all its directors and senior management personnel affirming their compliance with the code of conduct. The declaration by the Managing Director 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, 2008 is attached to this Corporate Governance report.

DISCLOSURES

The particulars of transactions between the Company and its related parties, as defined in Accounting Standard 18, is set out in Note 26 to Schedule 14 to the financial statements.

Related Party Transactions

(Rs. in lakh)

Particulars	Subsidiary Companies	Other Companies	Key Management Personnel	Relatives	Forthe year ended 31.03.08	Forthe 18months period ended
						31.03.07
Sales	-	-	_	_	-	57254
Purchases	259.15	17927	-	-	438.42	451.14
Loans&Advances	325	-	-	-	325	11.26
Remuneration	-	-	741.07	345	744.52	388.85
Sitting Fees	-	-	-	-	000	008
Others	-	33.09	-	-	33.09	47.00

There have been no instances of non - compliance by the Company. During the last three years no penalties or strictures have been imposed on the Company on any matters related to the Capital markets by Stock Exchange or SEBI or any statutory authorities.

The Company has complied with the requirements of clause 49 of the Listing Agreement. To enhance standards on Corporate Governance and strengthen controls, the Company would formulate and adopt necessary policies and procedure for complying with non mandatory requirements of clause 49 in the current year.

COMMUNICATION

The Company's quarterly financial results, after their approval by the Board of Directors, are promptly furnished to BSE and NSE where the Company's equity shares are listed.

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.

A Management Discussion and Analysis Report, forming part of the Directors Report, is being presented as a part of the Annual Report.



GENERAL SHAREHOLDER INFORMATION

AGM Date : September 19, 2008

Time & Venue : 2.00 p.m.

Registered Office, A-5, Pannamgadu Industrial Estate, Ramapuram Post, Sullurpet

Taluk, Nellore District, Andhra Pradesh 524401

Financial Year : April 1, 2007 to March 31, 2008

Approval of financial results Proposed : Unaudited Results for the quarter ending June 30, 2008 Last week of July 30,

2008 Unaudited Results for the half year ending September 30, 2008 - Last week of October 2008 Unaudited Results for the quarter and nine months ending December 31, 2008 - Last week of January 2009 Audited Results for the

year ending March 31,2009 - Before June 2009

Dividend payment date : On or before October 18, 2008

Dates of Book closure : September 15, 2008 to September 19, 2008

Listing on Stock Exchanges : The National Stock Exchange of India Limited

The Bombay Stock Exchange Limited

The listing fees for the financial year 2008 - 09 were paid to the above stock

exchanges.

Stock Code : National Stock Exchange of India Limited - BGRENERGY

Bombay Stock Exchange Limited - 532930

Demat ISIN : INE661I01014

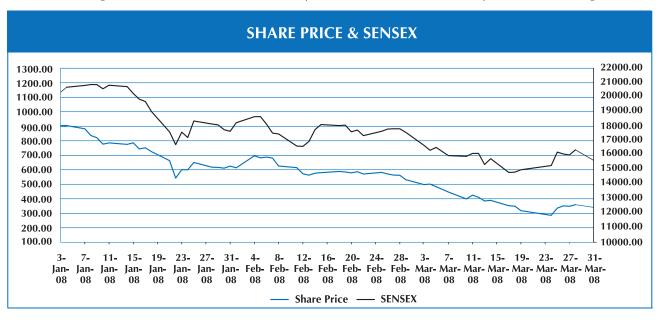


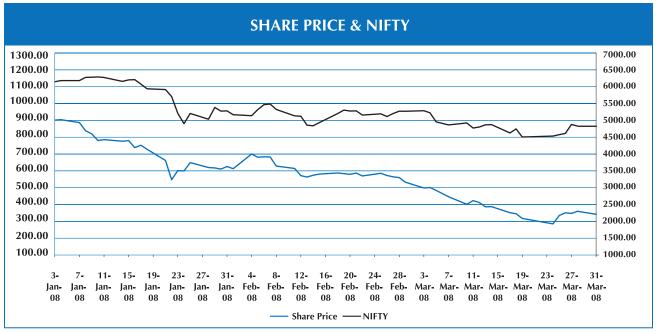
STOCK MARKET PRICE DATA & STOCK PERFORMANCE

MONTH	BS	SE	SENS	SEX
	High (Rs.)	Low (Rs.)	High	Low
January February	988.00 718.00	525.00 525.00	21,206.77 18,895.34	15,332.42 16,457.74
March	531.00	268.00	17,227.56	14,677.24

MONTH	N:	SE	NIF	ГҮ
	High (Rs.)	Low (Rs.)	High	Low
January	989.00	520.00	6357.10	6231.25
February	717.45	525.00	5545.20	4803.60
March	535.00	265.25	5222.80	4468.55

The Charts showing Share Price Performance at BSE in comparison to SENSEX and NSE in comparison to NIFTY are given below:







REGISTRAR AND SHARE TRANSFER AGENT:

Intime Spectrum Registry Limited

C-13, Pannalal Silk Mills Compound

L.B.S. Marg, Bhandup West

Mumbai - 400 078

Contact Person: Mr. N. Mahadevan Iyer, Vice President - Corporate Registry

Shareholders are requested to correspond with the Registrar and Share Transfer Agent for transfer / transmission of shares, remat, change of address, 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.

DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2008

Shareholding	No. of Shareholders	% of total	No. of Shares	% of total
	Shareholders	totai	Shares	totai
Up to 500	153908	99.55	3097428	4.30
501 -1000	328	0.21	244919	0.34
1001 - 2000	142	0.09	207293	0.29
2001 - 3000	56	0.04	137233	0.19
3001 - 4000	24	0.02	84060	0.12
4001 -5000	30	0.02	135098	0.19
5001 - 10000	32	0.02	219939	0.30
10001 and above	76	0.05	67874030	94.27
TOTAL	154596	100.00	72000000	100.00

SHAREHOLDING PATTERN AS ON MARCH 31, 2008

SI No	Category	Shares	Holders	Percent
1	Promoters -	31295600	3	43.46
	Individuals & Relatives			
2	Corporate Bodies -			
	Promoter Group	27248400	4	37.84
3	Mutual Funds	3368384	32	4.68
4	Financial Institutions	55538	2	0.08
5	Banks	73788	12	0.10
6	Venture Funds/			
	Pvt Equity Funds	12579	2	0.02
7	Foreign Inst. Investor	4500	1	0.01
8	Other Bodies Corporate	918866	882	1.28
9	Foreign Company	5142620	21	7.14
10	NRIs	28830	465	0.04
11	Trusts	154	6	0.00
12	Public	3737042	152920	5.19
13	Clearing Member	113699	246	0.16
	Total	72000000	154596	100.00

Dematerialisation: As on March 31, 2008, 18.69% of the total paid up equity share capital was held in dematerialisation form of which NSDL constitutes 89.81% and CDSL constitutes 10.19%. The Company has entered into agreements with National Securities Depository Limited and Central Depository Services (India) Limited to offer shareholders the option to dematerialize their shares with these depositories. The ISIN number of the Company's shares in demat form is INE661I01014. The Shares of the Company are actively traded in National Stock Exchange of India Limited and Bombay Stock Exchange Limited.



PLANT LOCATION:

171, Panjetty Village, Ponneri Taluk, Ponneri, Tamil Nadu

Current Major Project Location:

- 500 MW coal based TPP of APGENCO at Vijayawada, A.P.
- 2. 500 MW coal based TPP of APGENCO at Kakatiya, A.P.
- 3. 500 MW coal based TPP of MAHAGENCO at Khaperkeda, Maharashtra.
- 4. 500 MW coal based TPP of APGENCO at Kothagudam, A.P.

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 - 24364656

E-mail: investors@bgrenergy.com

NON MANDATORY REQUIREMENTS

FY 2007 - 08 being the year of the Company having made the IPO the Company is taking steps to comply with the non-mandatory requirements in the current FY 2008 - 09. The Board wishes to assure that all non-mandatory disclosure requirements would be fully complied with in the current year onwards.

For and on behalf of the Board of Directors

Place : Chennai B. G. Raghupathy
Date : July 30, 2008 Chairman & Managing Director

CEO AND CFO CERTIFICATION

To the Board of Directors

BGR ENERGY SYSTEMS LIMITED

We, B.G. Raghupathy, Chairman & Managing Director and P. R. Easwar Kumar, 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 2007 08:
 - These financial statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading.
 - ii) These financial statements together present a true and fair view of the company's affairs, results of operations, cashflows and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, 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 disclosed to the auditors and the Audit Committee:
 - 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.

P. R. EASWAR KUMAR Chief Financial Officer B. G. RAGHUPATHY Chairman & Managing Director

Place : Chennai Date : July 30, 2008



DECLARATION BY THE CEO UNDER CLAUSE 49(I)(D) OF THE LISTING AGREEMENT

To the Members of **BGR Energy Systems Limited**

I, B. G.Raghupathy, Chairman and Managing Director 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, 2008.

Place: Chennai B. G. Raghupathy
Date: July 30, 2008 Chairman and Managing Director

AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of BGR Energy Systems Limited

We have examined the compliance of conditions of Corporate Governance by BGR Energy Systems Limited, for the period commencing from the date of listing of the Company in the Stock Exchanges being 03-01-2008 to 31-03-2008, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges.

The compliance of conditions of the Corporate Governance is the responsibility of the management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of 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 and based on the representations made by the Directors of the Company, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreements.

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

G. R. Hari
Place: Chennai Partner
Date: July 30, 2008 Membership Number 206386



MANAGEMENT DISCUSSION & ANALYSIS

1. **OVERVIEW OF 2007-08:**

- Order intake growth at 46 % year on year (Rs.2551 Cr as against annualized order intake of Rs.1739 Cr in the previous year)
- Turnover growth at 191 % year on year (Rs.1505 Cr as against annualized turnover of Rs.517 Cr in the previous year)
- PAT growth at 223 % year on year (Rs.84.44 Cr as against annualised PAT of Rs.26.13 Cr in the previous year)
- Net worth at Rs.471 Cr as on 31.3.2008 as against Rs.84 Cr as on 31.3.2007.
- Order book at Rs.3212 Cr as on 31.3.2008 as against Rs.2166 Cr as on 31.3.2007.

2. INDIAN ECONOMY:

The Indian Economy has grown 8 to 9% for the last five years and similar growth is expected for the foreseeable future. India has occupied the centre stage and it is one of the fastest growing economies of the world. The inherent economic strength was visible in all fronts such as Exports, Balance of Payments, Foreign Direct Investment etc., the power sector in particular, has shown considerable growth during fiscal year 2007-08 being the first year of the XI plan period by addition of 9263 MW compared to an average addition of 4222 MW during X plan period. The power and infrastructure sectors continue to be drivers of growth. However, the skyrocketing prices of crude oil and the rate of inflation during the last fiscal year have become a matters of concern.

3. POWER SECTOR

The power sector has shown significant growth during fiscal year 2007-08. The central sector units, the state utilities and the IPPs have reinforced their commitment to meet the XI plan targets of Government of India. It would be imperative to keep the momentum of growth in the power sector to sustain all round economic growth. The widening demand supply gap in the power sector offers ample opportunity for key players in the industry to meet the national needs and record higher rate of growth. Against this backdrop the power project division of the company has recorded impressive performance during the fiscal year 2007-08.

4. STRATEGY FOR GROWTH & INITIATIVES:

The company continues to focus on the growing potential in power sector especially on large BOP contracts and EPC contracts. This will enable the

company to exploit its project management skills and in-house design, engineering and manufacturing capabilities. The company has taken initiatives to significantly improve its market share in the global market and make the products truly global by adding manufacturing facilities in China and Bahrain. This will enable the respective divisions to achieve economies of cost and operational advantages. In turn, this will also enable the company to improve the profit margins. The company is also looking for new technologies and collaborations in the power and oil & gas sectors with a view to broadbase its range of offerings with respect to large turnkey projects.

5. GROWTH DRIVERS:

BGR Energy's growth will be driven by growing potential for large EPC and BOP contracts in power sector. The Power Projects Division has developed expertise to execute large BOP contracts and is geared to take up large EPC contracts. This division has proven track record and ability for successful completion of contracts within the contractual time schedule and estimated cost. Contracts management is the core competence of the company. SAP ERP software has been implemented to achieve the planned growth and integrity of data management. The growth of power sector in the XI plan and XII plan periods and the experience and preparedness of the Power Projects Division of the company will drive the future growth of the company.

6. REVIEW OF OPERATIONS:

BGR Energy is currently executing 4 x 500 MW BOP contracts and they are in different stages of completion. During the year, the BOP contract for the 330 MW RRVUNL Dholpur project was successfully completed and the project was commissioned in both Open Cycle and Combined Cycle modes. The EPC contract for 95 MW Combined Cycle plant of TNEB has reached an advanced stage of completion and the contract for 23 MW captive power plant of Sterlite group has been progressed well.

The Air Fin Cooler Division has manufactured 608 Nos. of coolers during the year compared to 322 Nos. of coolers on annualized basis during the previous year.

The Environmental Engineering Division has completed the Effluent Treatment plant contracts secured from Tiruppur Textile dying unit clusters.

The Electrical Projects Division's T&D contracts from KPTCL and VA Tech have progressed well.

The Oil & Gas Division has taken up the execution of large Gas processing plant and the engineering activity has been by and large completed.



6.1 POWER PROJECTS DIVISION

6.1.1 OVERVIEW:

This Division contributed 61% of the turnover of 2007-08. Going forward, this percentage is likely to go up. This division achieved all time high turnover of Rs.921 Crore during 2007-08 as against Rs.261 Crore in the previous financial year thus recording an impressive growth. The order book of the division as at March 31, 2008 was Rs.2643 Crore as against Rs.1135 Crore as at 31st March 2007. BGR Energy undertakes Engineering, Procurement and Construction (EPC) contracts as well as Balance of Plant (BOP) contracts for construction of large power stations. The scope includes civil, mechanical, electrical and instrumentation packages relating to such power plants. The division operates both in gas based power plants as well as coal based power plants. BGR Energy has emerged as the most successful BOP contractor and is currently executing 4 x 500 MW BOP contracts and 2 EPC contracts for 3 x 600 MW Coal based thermal power plants.

Backed by a range of in-house systems and products and inhouse design engineering capability and qualified committed personnel, the Power Projects Division is able to win large contracts against domestic and international competition. The in-house design and engineering capability enables the division to monitor and review the engineering activities leading to timely execution of orders and also optimization of design resulting in effective control and saving of cost. The 95 MW Valuthur Project of TNEB has won the "Bronze Shield" awarded by Ministry of Power and this Division was the BOP contractor for this project.

6.1.2. THE POWER SECTOR:

The Government of India is giving due thrust to augment capacities for power generation, transmission and distribution. The fast phase of growth in power sector is clearly visible and the momentum is poised to be sustained. In fact it may be to be even stepped up if the country has to sustain the average GDP growth achieved during the last 5 years. The central and state utilities as well as the IPPs are awarding contracts to EPC and BOP players to achieve the plan targets. In fact over 75% of the projects planned in XI plan have already been awarded. The balance projects will be awarded during 2008-09 and a small portion of XII plan projects might also be awarded as part of advance planning. The Government of India is closely reviewing and monitoring the progress of the projects and this is evident from the 9,263 MW commissioned during 2007-08.

6.1.3 OPPORTUNITIES:

Government of India has targeted to add 78,000 MW in XI plan period and 85,000 MW in XII plan period. To achieve the vision of "power for all" the demand for power is likely to reach one million MW after 25 years. The customer preference is towards large sets such as 500 MW, 600 MW and Supercritical plants of 660 MW and above. Besides this, few more new ultra mega projects are likely to be awarded during the current financial year 2008-09. There are limited players in the space of BOP & EPC and BGR Energy is well positioned to capture the benefits. The state utilities are encouraging merchant power plants in a big way. All these will open up substantial potential in the niche market for BGR Energy.

The company is gearing up to capture the benefits by adding adequate manpower and enhancing competence and other capabilities required to be a leading player in power plant construction. The company is confident of winning and executing large contracts against stiff competition.

6.1.4 CHALLENGES:

EPC and BOP contracts could be either for Greenfield projects or for expansion units. This calls for significant experience and expertise of contract management and therefore availability of trained manpower is a critical factor. BGR Energy has taken initiatives to augment manpower by adoption of multi-model strategies. There will be a right mix and blend of fresh Engineers and experienced manpower.

Employee satisfaction coupled with market driven salary structure enables the company not only to attract new manpower but also to retain the existing manpower.

Timely award of contracts by project owners is a prerequisite for achieving the plan targets. Difficulties may not be encountered in the present financial market conditions in financing the projects envisaged in XI plan and XII plan periods.

6.2 The Air Cooled Heat Exchanger Division has achieved 100% growth recording 80% of the total turnover from exports. The division has successfully executed a large contract involving more than 150 coolers to a customer in northern Africa. This puts the Division in a position to become a global player and secure large projects. In addition, the on-time deliveries and quality standards of products will enable the division to penetrate in-to newer markets. The proposed manufacturing facilities in China and Bahrain will further facilitate continued and fast growth of the division.



6.3 The Oil & Gas Equipment division is currently executing a large turnkey contract for a gas processing complex in Middle East. The successful execution of this contract will pave the way for becoming a Lumpsum Turnkey contractor (LSTK) in Oil & Gas sector.

This division will grow based on their past track record and market potential. On time delivery and sustained quality will be an important factor for growth.

6.4 The Electrical Projects Division has achieved a growth in its turnover by 148% and pre-tax profit by 121%.

The Division's niche products viz., Gas Insulated Substations (GIS) has got good potential especially in the urban areas. The OPGW business is also growing across the country. The division hopes to do well in the coming years.

- 6.5 The Captive Power Division has progressed the two orders secured by the division in the previous period. The EPC contract from TNEB is in an advanced stage of completion. Considering the potential in the Steel, Cement and process sectors this division is poised to grow with good profitable orders in the years to come.
- 6.6 The Environmental Engineering Division had good growth in the previous period ended 31st March 2007 and the balance portion of the orders have been completed during 2007-08. Finalisation of new orders by customers have been delayed and hence the Division's turnover and profit have been reduced compared to previous annualized period.

7. FINANCIAL REVIEW:

- BGR Energy has recorded an all time high turnover of Rs.1507.75 Crore against annualized turnover of Rs.518.47 Crore in the previous period thus registering a growth of 191%. This includes Rs.130.57 Crore of Export Turnover.
- BGR Energy has achieved an all time high Profit before Tax of Rs.125.25 Crore during the current year compared to Rs.40.33 Crore in the previous year (annualised).
- The Net Profit after tax was Rs.84.44 Cr against Rs.26.13 Crore (annualised) in the previous year.

Description	18 Months Period ended 31.03.2007 Rs. in Crore	Period ended 31.03.2007	Ended 31.03.2008
Turnover	778	518	1508
PBT	60	40	125
PBT Ratio %	7.71 %	7.72 %	8.29 %
PAT	39	26	84
PAT Ratio %	5.01 %	5.01 %	5.57 %
Net worth	84	84	471
Return on Net Worth	46.65 %	46.65 %	17.91 %
Return on Capital Employed	24.13 %	24.13 %	15.50 %
Inventories to Turnover %	3.37 %	3.37 %	0.85 %
Sundry Debtors to Turnover %	36.48 %	36.48 %	48.67 %
Employee cost to Turnover %	4.07 %	4.07 %	2.93 %
Admin expenses to Turnover %	4.64 %	4.64 %	3.14 %
Interest to Turnover %	2.25 %	2.25 %	1.68%

8. TRAINING:

Company provides on the job training as well as external seminars / conferences on a continuous basis to develop the skills and competencies of employees. Further, an extensive induction programme is also undertaken for fresh Graduates and Diploma holders recruited during the year. A dedicated training room has been made available with latest gadgets and tools for conducting in-house training programmes.

9. HEALTH & SAFETY:

New employees and employees working in the factory are subjected to periodical health check up. Appropriate First Aid is made available in all the important work spots.

BGR Energy has adopted an employee friendly safety policy. Elaborate guidelines and procedures have been drawn up for implementation of safety measures and practices. Personal protective equipments are provided to workmen in the factory and site. There is a dedicated Safety department which endeavours to minimise accidents and safety hazards especially in the factories and project sites. Periodical safety training programmes are conducted in all the work places.

10. FUTURE PLANS:

The Air Fin Cooler Division has undertaken an expansion programme of its manufacturing facilities at Panjetty Village near Chennai. A new unit has also been planned at Bahrain. Allotment of land and environmental clearance have been obtained from Government of Bahrain. These facilities will become operational from 2009-10.

The project divisions have undertaken a massive recruitment drive to augment additional manpower commensurate with the planned growth and opportunities in the market place.

With these measures, the company is confident of a bright future.



REPORT OF THE AUDITORS TO THE MEMBERS OF M/s. BGR ENERGY SYSTEMS LIMITED

(Formerly known as M/s. GEA ENERGY SYSTEM (INDIA) LTD)

- 1. We have audited the attached Balance Sheet of M/s. BGR ENERGY SYSTEMS LIMITED (formerly known as M/s. GEA ENERGY SYSTEM (INDIA) LTD) as at 31st March 2008 and the related Profit and Loss account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3. As required by the Companies (Auditors Report) Order, 2003 (the 'Order') as amended by the Companies (Auditors Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 (the 'Act'), we enclose in the Annexure a Statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4. Further to our comments in the report referred to in paragraph 3 above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) 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;
 - (iii) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

- (iv) In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) On the basis of the written representations received from the directors, as on 31st March 2008, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;
- (vi) In our opinion, since the requirements under Section 441 A of the Companies Act, 1956, are not notified as on 31st March, 2008, reporting on whether the cess payable under Section 441A has been paid or not, is not relevant for the company; and
- (vii) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2008;
 - in the case of the Profit and Loss account, of the profit for the year ended on that date; and
 - c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Manohar Chowdhry & Associates Chartered Accountants

Place: Chennai Date: 12th June 2008 G. R. Hari Partner M.No.206386



ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph 3 of the Auditors' Report to the Members of **M/s. BGR ENERGY SYSTEMS LIMITED** (formerly known as M/s. GEA ENERGY SYSTEM (INDIA) LTD) for the year ended 31st March 2008:

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
 - (b) The management has conducted physical verification of fixed assets at reasonable intervals and no material discrepancies were noticed on such verification; and
 - (c) In our opinion, the fixed assets disposed off during the year do not constitute substantial part of fixed assets of the company and such disposal has not affected the going concern status of the company.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals;
 - (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) The company is maintaining proper records of inventory. There are no major material discrepancies noticed on physical verification between book stock and physical stock.
- (iii) (a) The company has granted interest free unsecured loans to 3 parties covered in the register maintained under section 301 of the Act. The maximum amount involved during the year and the year-end-balance of these loans amounts to Rs. 846.55 lakhs and Rs. 836.30 lakhs respectively;
 - (b) In our opinion and as per the information and explanations given to us, the terms and conditions of the said loans are not prima facie prejudicial to the interest of the company;
 - (c) In our opinion and on verification of the books of account, in respect of the above mentioned loans, there has been no regular repayment of the principal amount during the year;
 - (d) In our opinion, in respect of the above mentioned loans, reasonable steps have been taken by the company for recovery of the principal amount

- due. The outstanding principal amount as on 31st March 2008 is Rs.836.30 lakhs;
- (e) The company has availed and repaid unsecured loans from 8 parties covered in the register maintained under section 301 of the Act. The maximum amount involved during the year and the year-end-balance of such loans amounts to Rs.1,650 lakhs and Rs. Nil respectively;
- In our opinion, the terms and conditions of the loans availed are not prejudicial to the interest of the company; and
- (g) During the year, the company has fully repaid the loans availed.
- (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 and 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 or have been informed of any continuing failure to correct major weaknesses in aforesaid internal control system.
- (v) (a) In our opinion and on verification of the register maintained u/s.301, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section; and
 - (b) The transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The company has not accepted any deposits from the public within the meaning of sections 58A and 58AA of the Act and Rules framed there under.
- (vii) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- (viii) There is no order or notification by the Central Government prescribing maintenance of cost records by the Company u/s.209(1)(d) of the Companies Act, 1956.
- (ix) (a) In our opinion and according to the information given to us, the company is generally regular in depositing undisputed statutory dues including



- Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service tax, Excise Duty, cess and other statutory dues with the appropriate authorities; and
- (b) As per the information and explanations provided to us, the following are the details of Disputed Tax Liabilities and the forum in which they are pending.

(Rs in Lakhs)

Financial	Amount	Type of Tax	Forum in which the Appeal
year	Rs.	Liability	is lying in
1997 – 98	39.23	Sales Tax	Honorable High Court,
			Andhra Pradesh
1997 – 98	0.39	Income Tax	Commissioner Appeals ,
			Hyderabad
1998 – 99	0.12	Sales Tax	Commercial Tax Officer,
			Andhra Pradesh
1999 – 00	0.11	Sales Tax	Commercial Tax Officer,
			Tamilnadu
2001 – 02	0.28	Sales Tax	Appellate Commissioner,
			Kerala
2003 – 04	13.09	Sales Tax	Appellate Deputy
			Commissioner
			(CT) ,Guntur (AP)
2003 – 04	5.00	Sales Tax	Appellate Deputy
			Commissioner (CT),
			Guntur (AP)
2006 – 07	2.59	Sales Tax	Appellate Deputy
			Commissioner (CT) ,
		_	Guntur (AP)
2007 – 08	7.43	Sales Tax	Appellate Deputy
			Commissioner (CT) ,
			Guntur (AP)
2005 – 06	39.98	Sales Tax	Deputy Commissioner
			Appeals , Ernakulum
2007 00	61.76	Calaa Taa	(Kerala)
2007 – 08	61.76	Sales Tax	Honorable High Court, Kerala
			Keraia
TOTAL	169.98		

- (x) 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.
- (xi) In our opinion and according to the information given to us, the company has not defaulted in repayment of dues to any financial institution or banks.

- (xii) In our opinion and according to the explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
- (xiii) The company is not a chit fund / nidhi / mutual benefit fund / society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Order are not applicable to the company.
- (xiv) The company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) 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.
- (xvi) During the year, the company has availed term loans for acquiring various fixed assets. As per the information and explanations provided to us, we are of the opinion that these loans were applied for the purpose for which the same were availed.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment by the company.
- (xviii) The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- (xix) The company has not issued any debentures.
- (xx) The Company has raised a sum of Rs. 20,736 lakhs by way of initial public offering during the year. As on 31st March 2008, the company has deposited the net proceeds of initial public offering amounting to Rs. 19,012 lakhs in Fixed Deposits with banks and mutual funds pending utilization towards the object of the issue.
- (xxi) In our opinion and according to explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For Manohar Chowdhry & Associates Chartered Accountants

Place: Chennai Date: 12th June 2008 G. R. Hari Partner M.No.206386



BALANCE SHEET AS AT 31st MARCH, 2008

Description	Sch. No.	As 31.03 (Rs in		As 31.03. (Rs in	.2007
SOURCES OF FUNDS					
(1) Shareholders' Funds	1				
(a) Share Capital			7,200.00		1,080.00
(b) Reserves and Surplus			39,932.58		7,320.61
(2) Loan Funds	2				
(a) Secured Loans			49,898.00		23,884.30
(b) Unsecured Loans			235.04		486.99
(3) Deferred Tax (Assets) / Liabilities, net			3,933.28		125.01
Total			101,198.90		32,896.91
APPLICATION OF FUNDS					
(1) Fixed Assets	3				
(a) Gross Block		6,104.34		4,973.45	
(b) Less: Depreciation and Impairm	ent	1,605.48		1,913.91	
Net Block			4,498.86		3,059.54
(c) Capital Work-In-Progress			109.73		301.88
(2) Investments	4		15,565.35		510.69
(3) Current Assets, Loans & Advances	5				
(a) Inventories		1,290.11		2,622.41	
(b) Sundry Debtors		73,461.65		28,382.02	
(c) Cash and Bank balances		30,567.49		9,140.08	
(d) Other Current Assets		946.46		559.93	
(e) Loans and Advances		27,222.95		17,127.16	
		133,488.66		57,831.60	
LESS:					
Current Liabilities & Provisions	6				
(a) Liabilities		48,480.46		26,188.49	
(b) Provisions		3,983.24		2,618.31	
		52,463.70		28,806.80	
Net Current Assets			81,024.96		29,024.80
Total			101,198.90		32,896.91
NOTES ON ACCOUNTS	14				

As per our report of even date

For M/s MANOHAR CHOWDHRY & ASSOCIATES

Chartered Accountants

B.G. RAGHUPATHY Chairman & Managing Director	V.R. MAHADEVAN Whole Time Director	S. RATHINAM Director-Finance		
SASIKALA RAGHUPATHY Director	M. GOPALAKRISHNA Director	S.A. BOHRA Director		G.R. HARI Partner M.No.206386
S.R. TAGAT Director	HEINRICH BOHMER Director	R. RAMESHKUMAR Company Secretary	P.R. EASWAR KUMAR Chief Financial Officer	Chennai 12.06.2008





PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008

Description	Sch. No.	For the year ended 31.03.2008	For the period ended 31.03.2007 (18 months)
		(Rs in lakhs)	(Rs in lakhs)
INCOME			
Sales & Services	7	150,483.37	77,514.18
Other Income	8	448.45	33.79
Increase / (Decrease) in WIP		(156.52)	223.01
		<u>150,775.30</u>	
EXPENDITURE			
Cost of Materials	9	109,993.83	55,516.64
Cost of Manufacturing	10	13,994.47	5,293.71
Other Direct Cost	11	2,081.80	1,571.49
Administration, Selling & General Expension		9,155.42	6,782.80
Interest	13	2,522.76	1,743.78
Depreciation and Impairment	3	502.30	812.63
		138,250.58	71,721.05
Profit before Tax		12,524.72	6,049.93
Provision for Taxation			
Current Tax		1,374.89	2,154.24
Deferred Tax		2,638.45	(113.94)
Fringe Benefit Tax		67.04	90.04
Profit after Tax		8,444.34	3,919.59
Surplus brought forward (Net of Capitalisation	on of Profits)	906.44	3,157.87
		9,350.78	7,077.46
APPROPRIATIONS			
Transfer to General Reserve		844.04	391.96
Proposed Dividend		1,440.00	324.00
Corporate Dividend Tax		244.73	55.06
Balance carried to Balance Sheet		6,822.01	6,306.44
Earnings Per Equity Share	Refer Note Point No		
- Basic	29	12.64	6.05
- Diluted	29	12.51	5.98
NOTES ON ACCOUNTS	14		

As per our report of even date

For M/s MANOHAR CHOWDHRY & ASSOCIATES

Chartered Accountants

B.G. RAGHUPATHY	V.R. MAHADEVAN	S. RATHINAM		
Chairman & Managing Director	Whole Time Director	Director-Finance		
SASIKALA RAGHUPATHY	M. GOPALAKRISHNA	S.A. BOHRA		G.R. HARI
Director	Director	Director		Partner
				M.No.206386
S.R. TAGAT	HEINRICH BOHMER	R. RAMESHKUMAR	P.R. EASWAR KUMAR	Chennai
Director	Director	Company Secretary	Chief Financial Officer	12.06.2008



Sch.	D	escri _l	otion			As at 31.03.2008 (Rs in lakhs)	As at 31.03.2007 (Rs in lakhs)
1.	SI	- - - -	HOLDERS' FUNDS			(NS III IAKIIS)	(KS III Iakiis)
	(a)		are Capital				
	(u		thorised				
			,00,00,000 (1,50,00,000) Equity Shares of	f Rs.10/- each		10,000.00	1,500.00
			ued, Subscribed and Paid up	110110, 04011		=======================================	
			20,00,000 (1,08,00,000) Equity Shares of	Rs.10/- each			
		Of Sh	the above, 6,46,50,000 (1,06,50,000) Eq ares of Rs.10/- each were allotted as fully nus shares by capitalisation of profits.	uity		7,200.00	1,080.00
	(b) Re	serves and Surplus				
		i.	Securities Premium			31,252.36	0.00
		ii.	General Reserve			1,858.21	1,014.17
		iii.	Balance in Profit & Loss A/c	07-08	05-07		
		Op	pening Balance	6,306.44	3,157.87		
			ss : Capitalisation of Profit by way issue of Bonus Shares	(5,400.00)	0.00		
				906.44	3,157.87		
		Ad	ld : Profit for the year	5,915.57	3,148.57		
			,	6,822.01	6,306.44	6,822.01	6,306.44
						39,932.58	7,320.61
2.	LO	DAN	FUNDS				
	(a	Se	cured Loans				
		i.	Working Capital Loan from Banks			48,042.53	22,307.00
		ii.	Fixed assets Loans			1,489.73	871.18
		iii.	Term Loan from Bank			365.74	706.12
						49,898.00	23,884.30
	(b) Ur	nsecured Loans				
		i.	IFST			212.80	307.46
		ii.	From ICICI Bank			22.24	66.68
		iii.	Others			0.00	112.85
						235.04	486.99



SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2008 AND THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008

3. FIXED ASSETS

(Rs.in Lakhs)

		GROSS BLOCK	OCK			DEPRECIATION	NOIL		IMPAIRMENT LOSS	NET BLOCK	ГОСК
PARTICULARS	As at 01.04.2007	As at Additions During the year	Deletions During the year	As at 31.03.2008	Up to 01.04.2007	Additions During the year	Deletions During the year	Up to 31.03.2008	Up to 31.03.2008	WDV as at WDV as at 31.03.2008 31.03.2007	WDV as at WDV as at 1.03.2008 31.03.2007
Tangible Assets											
Land	51.59	1	21.90	29.69	1	1	ı	1	1	29.69	51.59
Buildings	218.59	42.61	33.49	227.71	82.04	7.29	19.51	69.82	1	157.89	136.55
Plant & Machinery	3,039.35	1600.55	833.25	3,806.65	1,008.18	292.31	342.66	957.83	1	2,848.82	1,949.58
Furniture & Fixtures	119.73	45.18	95.30	69.61	81.72	3.01	77.64	7.09	1	62.52	28.57
Office Fixtures	215.50	24.44	89.09	150.85	110.78	25.83	89.09	47.52	1	103.33	104.72
Office Equipments	529.93	223.78	233.66	520.05	202.99	54.51	154.29	103.21	9.56	407.28	314.04
Electrical Installations	60.71	36.01	17.31	79.41	33.48	3.41	8.32	28.57	•	50.84	27.23
Vehicles	593.23	135.89	47.50	681.62	145.97	57.09	15.29	187.77	1	493.85	447.26
Intangible Assets *											
Technical Know-How	144.82	1	•	144.82	144.82	•	1	144.82	•	•	•
Softwares	•	393.93	1	393.93	•	49.29	•	49.29	•	344.64	1
TOTAL	4,973.45	2502.39	1,371.50	6,104.34	1,809.98	492.74	706.80	1,595.92	9:26	4,498.86	3,059.54
PREVIOUS YEAR	3,638.92	1395.18	60.65	4,973.45	1,134.10	708.70	32.82	1,809.98	103.93	3,059.54	

^{*} Both the assets are other than internally generated.



Sch. No.	De	scription	As at 31.03.2008 (Rs in lakhs)	As at 31.03.2007 (Rs in lakhs)
4.	IN	VESTMENTS		
	Tra	ded Quoted (at cost) :		
	i)	Indian Bank 13,970 Equity Shares of Rs. 91 per share (Market Value Rs.162.90 per share as on 31.03.2008)	12.71	12.71
	ii)	SBI Mutual Fund-Magnum Multi Cap 50,000 units of Rs.10 each (NAV Rs.12.61 per unit as on 31.03.2008)	5.00	5.00
	iii)	SBI Mutual Fund-Infrastructure Bond 2,50,000 units of Rs.10 each (NAV Rs.10.73 per unit as on 31.03.2008)	25.00	-
	iv)	HDFC FMP 90 D-JAN 08-W-DP 7,44,21,187.51 units of Rs.10 each (NAV Rs.10.10 per unit as on 31.03.2008)	7442.12	-
	v)	UTI FMP - QFMP (02/08-i) INSTIT - D 7,64,52,262.48 units of Rs.10 each (NAV Rs.10.01 per unit as on 31.03.2008)	7645.23	-
	Non Trade Unquoted (at cost):			
	a)	Investment in Subsidiary Companies:		
		i) Progen Systems and Technologies Limited42,50,000 Equity Shares of Rs. 10 each, fully paid up	425.00	425.00
		ii) Schmitz Reinigungskugeln GmbH Hildesheimer, Germany	-	57.69
	b)	Investment in Other Companies:		425.00 57.69
		i) GEA Cooling Tower Technologies (India) Private Limited 10,000 Equity Shares of Rs. 10 each, fully paid up (10,000 Equity Shares of Rs. 10 each, fully paid up)	0.20	0.20
		(Inclusive of 8000 bonus shares)		
		ii) Cuddalore Powergen Corporation Limited 10,090 Shares of Rs. 100 each,fully paid up (10,090 Shares of Rs. 100 each,fully paid up)	10.09	10.09
			15,565.35	510.69



Sch. No.	De	scription	As at 31.03.2008 (Rs in lakhs)	As at 31.03.2007 (Rs in lakhs)
5.	CU	RRENT ASSETS, LOANS AND ADVANCES		
	a)	Inventories		
		(i) Raw Material, Consumables, Bought outs and Components	1,178.53	2,079.40
		(ii) Loose Tools & Spares	18.52	18.55
		(iii) Work-in-Progress	93.06	524.46
			1,290.11	2,622.41
	b)	Sundry Debtors		
		(Unsecured and Considered good)		
		Over six Months	2,382.33	2,118.19
		Others	71,079.32	26,263.83
			73,461.65	28,382.02
	c)	Cash and Bank Balances		
		i. Cash Balance	37.83	30.47
		ii. Bank Balances with Scheduled Banks		
		- Current Account	3,789.04	737.77
		- Deposit Account	26,740.62	8,371.84
			30,567.49	9,140.08
	(d)	Other Current Assets		
		Interest accrued on deposits	667.48	280.95
		Share Capital Advance	278.98	278.98
			946.46	559.93
	(e)	Loans and Advances		
		(Unsecured and considered good)		
		(i) Advances recoverable in cash or in kind or for value to be received	26,138.40	16,672.61
		(Includes Rs.790.88 (745.67) lakhs due from Progen Systems and Technologies Ltd, a subsidiary of this company.)		
		(ii) Deposits	1,084.55	454.55
			27,222.95	17,127.16



Sch. No.	Description	As at 31.03.2008 (Rs in lakhs)	As at 31.03.2007 (Rs in lakhs)
6.	CURRENT LIABILITIES AND PROVISIONS		
	(a) Current Liabilities		
	Sundry Creditors (Includes Rs.225.72 lakhs total outstanding dues to micro and small enterprises)	30,989.90	8,368.67
	Advances from customers	13,965.16	16,717.73
	Other Liabilities Interest accrued but not due	3,512.53 12.87	1,046.25 55.84
	interest accrucu but not due	48,480.46	26,188.49
	(b) Provisions	40,400.40	20,100.49
	Income tax	2 200 51	2 220 25
	Corporate dividend tax	2,298.51 244.73	2,239.25 55.06
	Proposed dividend	1,440.00	324.00
	rroposed dividend		2,618.31
		<u>3,983.24</u>	
Sch.	Description	For the year	For the period
No.		ended	ended
		31.03.2008	31.03.2007
		(12 months) (Rs in lakhs)	(18 months) (Rs in lakhs)
7	CALEC & CEDVICEC	(KS III IAKIIS)	(KS III IdKIIS)
7.	SALES & SERVICES Sale of Manufactured Goods	16 502 00	21 752 20
	Less: Excise Duty	16,503.89 466.80	21,752.28 1,013.78
	Net Sale of Manufactured Goods	16,037.09	20,738.50
	Contracting Income	133,642.07	55,561.68
	Trading of Spares and Commodities	40.60	441.39
	Erection & Service Income	763.61	772.61
	Election a service meanic	150,483.37	77,514.18
8.	OTHER INCOME	=======================================	77,314.10
0.	Dividend from Investments - Trade	321.73	2.20
	Dividend from Investments - Non Trade	1.00	0.00
	Prior Period Item	-	23.89
	Profit on Sale of Investment	2.31	
	Profit on Sale of Business Unit	42.60	_
	Profit on Sale of Fixed Assets	53.16	_
	Others	27.65	7.70
		448.45	33.79



Sch. No.	Description			For the year ended	For the period ended
				31.03.2008	31.03.2007
				(12 months) (Rs in lakhs)	(18 months) (Rs in lakhs)
9.	COST OF MATERIALS			(No III Idillio)	(NS III laidis)
3.	Opening inventory	2,079.40	1,333.48		
	(Raw materials, consumables Bought Outs and co	,	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		
	Add : Purchases	'		109,092.96	56,262.56
				111,172.36	57,596.04
	Less: Closing Inventory			1,178.53	2,079.40
	(Raw materials, consumables Bought Outs and co	omponents)			
				109,993.83	55,516.64
10.	COST OF MANUFACTURING				
	Part Processing Charges Power & Fuel			13,876.65	5,226.46
				117.82	67.25
				13,994.47	5,293.71
11.	OTHER DIRECT COST				
	Sales and Agency Commission			689.54	169.84
	Insurance			267.69	176.01
	Bank Charges	856.36	675.18		
	Packing & Forwarding			268.21	535.56
	Royalty			-	14.90
				2,081.80	1,571.49
12.	ADMINISTRATION, SELLING & GENERAL EXPEN	NSES			
	Rent			569.50	437.30
	Repairs to Building			6.09	31.19
	Repairs to Machinery			9.36	12.13
	Repairs & Maintenance			202.98	155.08
	Salaries and Allowances Bonus Contribution to P.F., E.S.I., & Gratuity			3,716.74	2,625.23
				12.90	8.90
				334.43	215.87
	Workmen & Staff Welfare Expenses			352.49	322.14
	Insurance Rates and Taxes			52.14 101.88	64.40
				47.92	59.74
	Electricity charges				111.39
	Administration Expenses	6- 65	o= o=	836.19	550.43
	Auditor's Remuneration	07-08	05-07		
	For Audit	20.23	13.48		
	For Taxation Matters	4.49	3.37		
	For Certification	6.38	0.32	01.15	4= 4=
				31.10	17.17



Sch. No.	Description	For the year ended 31.03.2008 (12 months)	For the period ended 31.03.2007 (18 months)
		(Rs in lakhs)	(Rs in lakhs)
12.	ADMINISTRATION, SELLING & GENERAL EXPENSES (contd)		
	Bank Charges	766.41	275.26
	Bad Debts Written Off	173.40	143.91
	Conveyance and Vehicle Running Expenses	214.54	311.24
	Selling Expenses	227.68	212.57
	Loose Tools Written Off	5.59	8.65
	Miscellaneous Expenditure Written Off	-	39.88
	Loss on Sale of Assets	-	5.03
	Professional charges	452.42	341.77
	Foreign Exchange Variation	310.70	3.99
	Sitting Fees	3.96	0.08
	Security charges	52.76	93.52
	Telephone, Telex, Fax, Courier & Postage	118.10	116.62
	Travelling Expenses - Inland	395.63	406.73
	Travelling Expenses - Overseas	160.51	212.58
		9,155.42	6,782.80
13.	INTEREST		
	Interest on Bank Credit	2,410.58	1,528.36
	Interest on Term Loan	80.84	84.83
	Interest others	31.34	130.59
		2,522.76	1,743.78

As per our report of even date

For M/s MANOHAR CHOWDHRY & ASSOCIATES

Chartered Accountants

B.G. RAGHUPATHY Chairman & Managing Director	V.R. MAHADEVAN Whole Time Director	S. RATHINAM Director-Finance		
SASIKALA RAGHUPATHY Director	M. GOPALAKRISHNA Director	S.A. BOHRA Director		G.R. HARI Partner M.No.206386
S.R. TAGAT	HEINRICH BOHMER	R. RAMESHKUMAR	P.R. EASWAR KUMAR	Chennai
Director	Director	Company Secretary	Chief Financial Officer	12.06.2008





14. ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

a. Accounting Conventions

The financial statements have been prepared under the historical cost convention and following the accrual method of accounting in accordance with the applicable mandatory accounting standards in India and provisions of Companies Act, 1956.

b. Use of Estimates

The preparation of financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting year. Differences between the actual results and the estimates are recognized in the year in which the results are known / materialized.

c. Fixed Assets

Fixed assets are assets held with the intention of being used for purpose of producing or providing goods and services and is 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 the 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 the production or supply of goods or services, for rental to others, or for administrative purposes. The intangible assets are separately acquired and are capable of being measured reliably. The cost of intangible asset 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.

d. Depreciation & Amortization

Fixed assets are depreciated as per straight line method on all assets in accordance with the rates prescribed under Schedule XIV of Companies Act, 1956. Intangible assets are amortized over a period of 5 years.

e. Investments

Long term investments are stated at cost less provision for diminution in value other than temporary, if any. Short term investments are valued at Cost or Fair Value whichever is lower.

f. Earning per share (EPS)

The earnings considered in ascertaining the company's Basic EPS is the attributable net profit or loss to the equity shareholder's as per AS-20 "Earnings Per Share" issued by ICAI. The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the period. The 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.

g. Revenue Recognition

- i) Sales are accounted on basis of dispatches.
- ii) Sales include equipment billed but dispatch of which is withheld at the request of the customer.
- iii) In respect of Construction contracts, executed over a period of more than one financial year, the company recognizes revenue on the basis of percentage of completion method as per AS-7 (Revised) "Construction Contracts" issued by ICAI.
- iv) Construction contracts revenue is based on the ratio of cost incurred to date to total estimated cost and physical work done as estimated by the technical staff.



h. Inventories

- i) Raw materials, work in progress, consumables, stores and spares have been valued at cost, ascertained on weighted average basis. Work in progress value includes all direct costs and applicable production overheads to bring the goods to the present location and condition.
- ii) Inventory includes Loose Tools & Spares. One-fifth of the value of loose tools and spares at the end of the year is written-off to the profit and loss account. Loose tools acquired during the year and the actual cost of which is less than Rs.5,000/- has been fully written-off.

i. Foreign currency Transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of acquisition. Monetary items are translated at the rates prevailing on reporting dates. The exchange difference between 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.

j. Cash Flows

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 cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the company are segregated.

k. Income taxes

Tax expense comprises of current tax, deferred tax and fringe benefit tax. Current tax is measured at the amount expected to be paid to / recovered from the tax authorities using the applicable tax rates. 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 relevant enacted tax rates. Fringe benefits taxes are recognized in accordance with the relevant provisions of the Income tax act, 1961 and the guidance note on Fringe Benefits Tax issued by ICAI. Tax on distributable profits payable by the company in accordance with the provisions of Income tax act, 1961 is disclosed in accordance with the guidance note on Accounting for Corporate Dividend Tax issued by ICAI.

I. Impairment of Assets

At every balance sheet date, the company determines whether the provisions should be made for the impairment loss on fixed 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" issued by ICAI. For the purpose of impairment, assets are grouped as, for which there are separately identifiable cash flows (cash generating units).

m. Employee Benefits

- (i) Short term employee benefits are recognized as an expense at the undiscounted amount in the profit & loss account for the year in which related services are rendered.
- (ii) Defined Contribution plan:
 - Companies contributions/payable during the year towards provident fund, ESI and pension fund are recognized in the profit & loss account
- (iii) Defined Benefit Plan:

Company's liability towards gratuity in accordance with Payments of Gratuity Act, 1972 is determined by actuarial valuation as on 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 to employee.



n. Leases

Finance Leases, which effectively 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 rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalized.

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

Leases where the lesser effectively retains substantially all the risks and rewards of ownership of the leased term, are classified as operating leases.

Operating lease payments are recognized as an expense in the Profit and loss account on a straight line basis over the lease term.

o. Provisions

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.

p. Contingent Liabilities

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

- 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.

B. NOTES TO ACCOUNTS

1. All the figures given here below are Rupees in Lakhs, unless stated specifically otherwise.

2. Secured Loans

- a) Term Loan of Rs. 365.74 lakhs from Corporation Bank (Rs.706.12 Lakhs) is secured by a first charge on fixed assets of the Company. The term loans are further guaranteed by the Managing Director of the Company.
- b) The company has availed Working Capital loan on pari-passu basis from State Bank of India and State Bank of Hyderabad. These loans are secured by hypothecation of inventories, book debts and movable current assets of the product divisions of the company. These loans are further secured by personal guarantees of two Directors of the company, including the Managing Director of the company. The loan from State Bank of India and State Bank of Hyderabad is 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, UCO Bank, State Bank of Indore, State Bank of Mysore, IDBI Bank, Punjab National Bank, Indian Bank and Corporation Bank. These loans are secured by hypothecation of inventories, book debts and movable current assets of the



- respective contracts. The participating banks share the security on pari-passu basis. These loans are further secured by personal guarantees of two Directors, including the Managing Director of the company.
- d) Secured Loans includes Rs.1,489.73 lakhs (Rs.871.18 lakhs) for which the respective fixed assets acquired under Loan are held as security.

3. UNSECURED LOAN

- a) Unsecured Loan includes an amount of Rs.22.24 lakhs (Rs.66.68 lakhs) the repayment of which is guaranteed by the Managing Director.
- b) Unsecured Loan includes a sum of Rs. Nil (Rs.41.08 lakhs) given by Directors.

4. CONTINGENT LIABILITIES, GUARANTEES & CAPITAL COMMITMENTS

		As at	As at
		31.03.2008	31.03.2007
	CONTINGENT LIABILITIES		
i)	Bills Discounted (Backed by LC)	7,916.06	1,488.81
ii)	Claims against the company not acknowledged as debt		
	a) On account of Sales Tax	169.58	89.39
	b) On account of Income Tax	0.39	23.15
	GUARANTEES		
iii)	Guarantees and Counter Guarantees given on behalf of		
	Subsidiary and Group companies	1,222.85	1,220.18
	CAPITAL COMMITMENTS		
iv)	Estimated amount of contracts remaining to be executed on capital account	42.95	86.65

5. CAPACITY AND PRODUCTION

				alled the		uction the		the
S. No.	Description	Units	Year	18 months	Year	18 months	Year	18 months
			ended	period	ended	period	ended	period
			31.03.2008	ended	31.03.2008	ended	31.03.2008	ended
				31.03.2007		31.03.2007		31.03.2007
1	Tube Cleaning System *	Nos	100	150	10	149	10	149
2	Debris Filter *	Nos	100	150	0	96	0	96
3	Air Cooled Heat Exchanger	No. of	600	900	608	483	608	483
		Bundles						
4	Deaerators	Nos	20	30	23	15	23	15
5	Oil and Gas Equipment	Nos	N.A	N. A	19	50	19	50

^{*} The particulars relates to three months period from 01.04.2007 to 30.06.2007



6. SUMMARY OF SALES

PARTICULARS OF SALES	For the year ended	For the period ended
	31.03.2008	31.03.2007
		(18 Months)
Manufactured Equipments for Power / Process sector	16,037.09	20,738.50
Trading, Spares & Commodities	40.60	441.39
Contract Income	1,33,642.07	55,561.68
Erection and Services Income	763.61	772.61
TOTAL	1,50,483.37	77,514.18

7. VALUE OF IMPORTS ON CIF BASIS

PARTICULARS OF SALES	For the year ended	For the period ended
	31.03.2008	31.03.2007
		(18 Months)
Raw Materials, Components, Consumables & Spare parts	17,631.06	3,121.42

8. DETAILS OF RAW MATERIALS AND COMPONENTS CONSUMED

			er the year ended 1.03.2008	31	the period ended .03.2007 3 months)	
S. No	Description	Units	Qty.	Value	Qty.	Value
			(lakhs)		(lakhs)	
1	Steel Plates	Kgs	31.19	1,812.07	35.37	1,956.93
2	Structurals	Mtrs	31.42	1,040.21	10.37	388.02
3	Pipes, Tubes and Fittings	Kgs	4.83	2,041.60	11.32	1,818.06
4	Bought Outs - Mechanicals	Lots	-	1,631.28	-	672.43
5	Bought Outs - Electrical	Lots	-	726.34	-	1,011.02
6	Aluminum Fin Strips	Kgs	7.95	1,686.48	5.93	829.46
7	Elbows, Rounds & Others	Nos	11.45	473.85	0.03	14.18
8	Consumables	Lots	-	2,262.96	-	2,710.93
9	Trading Goods	Lots	-	5.26	-	154.40
10	Stores	Lots	-	1,854.78	-	6,524.22
11	Electrical Cables	Mtrs	1.08	128.38	0.95	82.76
12	Power Plant Machinery components and					
	construction materials	Lots	-	96,330.62	-	39,354.23
	TOTAL			1,09,993.83		55,516.64



9. VALUE OF RAW MATERIAL & COMPONENTS CONSUMED DURING THE YEAR

Particulars	For the year ended 31.03.2008 (Rs. lakhs)	%	For the 18 months ended 31.03.2007 (Rs. lakhs)	%
Imported	15,407.24	(14.01)	2,749.40	(4.95)
Indigenous	94,586.59	(85.99)	52,767.24	(95.05)
TOTAL	1,09,993.83		55,516.64	

10. EXPENDITURE IN FOREIGN CURRENCY

Particulars	For the year ended 31.03.2008	For the period ended 31.03.2007 (18 Months)
Travelling	160.51	181.99
Part Processing and Professional charges	191.12	137.68
Commission on sales	205.49	122.61
Royalty	-	13.67
Erection & Commissioning	36.05	119.65
Technical Fees	-	18.01
Bank Charges & Others	223.54	263.68
TOTAL	816.71	857.29

11. EARNINGS IN FOREIGN EXCHANGE

Particulars	For the	For the
	year ended	period ended
	31.03.2008	31.03.2007
		(18 Months)
Sales	13,057.38	9,635.61
Services	-	63.88
TOTAL	13,057.38	9,699.49



12. MANAGERIAL REMUNERATION

a. COMPUTATION OF COMMISSION PAYABLE TO MANAGERIAL PERSONNEL

Particulars	For the year ended	For the period ended
	31.03.2008	31.03.2007
		(18 Months)
Profit as per Profit and Loss A/c	12,524.72	6,049.93
Add:		
Directors remuneration including commission	740.46	385.80
Directors sitting fees	3.96	0.08
Loss / (Profit) on sale of assets	(53.16)	5.03
Loss / (Profit) on sale of Business Unit	(42.60)	-
Total	13,173.38	6,440.84
Remuneration to Managing Director @ 5% on		
above profits of the Company	658.67	322.04
Less: Salaries, Allowances and perquisites to		
Managing Director	139.23	54.04
Commission to Managerial Personnel	519.44	268.00

b. DIRECTOR'S REMUNERATION

Particulars	For the	For the
	year ended	period ended
	31.03.2008	31.03.2007
		(18 Months)
Salaries and Allowances to Managing Director	135.10	40.32
Salaries and Allowances to Other Directors	81.78	63.76
Perquisites to Managing Director	4.14	13.72
Commission to Managing Director	519.44	268.00
TOTAL	740.46	385.80

- 13. Closing work in progress is net of Rs. 99.17 lakhs (Rs.379.86 lakhs) being advance received from customers.
- **14.** Sundry Debtors Others includes Rs. 33,399.86 lakhs (Rs. 11,045.75 lakhs) which, in accordance with the terms of the contracts were not due for payments as at 31st March 2008.
- **15.** Deposits amounting to Rs.11,503.93 lakhs (Rs.6,164.41 lakhs) and interest accrued thereon amounting to Rs. 549.46 lakhs (Rs.238.71 lakhs) are under lien to Banks.

16. Sale of Energy Division

Effective June 30, 2007 the company has sold the assets and liabilities related to Energy division to GEA BGR Energy System India Limited for a aggregate consideration of Rs.2,500 lakhs. During the three months ended 30.06.2007 the division posted a turnover of Rs.458.91 lakhs, which is 0.30 % of the total turnover of the company.

17. Sale of Subsidiary Company

Schmitz Reinigungskugein GmbH, a wholly owned overseas subsidiary in Germany ceased to be a subsidiary company pursuant to the execution of the Share Transfer Agreement dated 01.08.2007 between the company and Schmitz India Private Limited for a consideration of Rs.60 lakhs.



18. Loans and Advances

Cochin Project: The end client of Cochin Port Road Connectivity Project viz., Cochin Port Road Company Ltd., (SPV of NHAI) has terminated the contract on 28.05.2007. Consequently, the end client has encashed BGs for an value of Rs.1270 lakhs furnished by the company on behalf of MECON - GEA (JV). The main contractor viz., MECON - GEA (JV) is contesting the termination of the contract and has taken steps to constitute the Disputes Review Board in terms of the contract. In anticipation of determination of disputes, the company has identified a sum of Rs. 1,522.00 lakhs as on 31.03.2008 as recoverable advances from the end client through the JV and is shown under loans and advances.

Tuticorin Project: The contract for Tirunelveli - Tuticorin Port Connectivity Road Project has expired on 12.08.2006. Subsequently, the main contractor MECON - GEA (JV) has put on hold further execution of contracted works. The end client viz., Tuticorin Port Road Company Ltd (SVP of NHAI) and the main contractor had held various discussions. It is now proposed by the end client to terminate the contract for mutual convenience of both the contractor and end client. Further, the claims of the company arising on account of compensation events and the terms of such termination for mutual convenience have not yet been finally settled. In anticipation of the same the company has identified the sum of Rs.82.73 lakhs incurred in respect of this project and shown the same as recoverable advances under loans and advances.

19. Plant and Machinery include Rs.916.08 lakhs (Rs.916.08 lakhs), which are jointly owned along with a Joint Venture, of which the Company is a member.

20. Micro, Small & Medium Enterprises Development Act, 2006

Disclosure pertaining to Micro, Small and Medium Enterprises (as per information available with the Company):

Serial No.	Particulars	As at 31.03.2008 (Rs.in Lakhs)
1	Amount due to Vendor	225.72
2	Interest due on (1) above and unpaid	-
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	-
6	Interest accrued and remaining unpaid	-
7	Amount of further interest remaining due and payable in succeeding year	-

21. Securities Premium

During the year, the company received Rs.329.76 Crores towards Securities Premium by way of public issue and private placement of 72,00,000 Equity Shares.

Details	Rs. in Crores
Total Securities Premium Received	329.76
Less: Issue Expenses (As per Sec.78 of the Companies Act, 1956)	17.24
Net Premium	312.52

22. Utilization of IPO Funds

The company has raised Rs.19012 Lakhs from IPO (Net of Issue Expenses). Pending utilization of these funds for the objects of the issue the company has invested the funds in mutual funds (Rs.15087.35 Lakhs) and fixed deposits with Banks (Rs.3924.65 Lakhs)



23. CONSTRUCTION CONTRACTS

In respect of all construction contracts in progress

S. No.	Particulars	For the	For the period
		year ended	ended
		31.03.08	31.03.2007
			(18 Months)
a.	The aggregate amount of costs incurred and recognized profits		
	(less recognized losses)	1,33,656.12	51,047.92
b.	The amount of advances received	11,732.93	18,260.00
c.	The amount of retentions	29,457.09	7,468.25
d.	The gross amount due from customers for contract work as an asset	10,545.67	10,190.32
e.	The gross amount due to customers for contract work as a liability	11,608.26	10.47

24. EMPLOYEE BENEFITS

As per Accounting Standard 15 "Employee Benefits", the disclosures of Employee benefits as defined in the Accounting Standard are given below:

Defined Contribution Plan

Contribution to Defined Contribution Plan, recognised as expense for the year are as under:

Employer's Contribution to Provident Fund

105.59

Employer's Contribution to Pension Scheme

40.71

Defined Benefit Plan

The liability for gratuity is funded through a scheme administered by an insurer and provision is made based on acutarial valuation carried out as at Balance Sheet date.

I. Reconciliation of opening and closing balances of Defined Benefit Obligation

	Gratuity (Funded)
	2007-08
Defined Benefit obligation at beginning of the year	93.88
Current service cost	21.18
Interest cost	7.51
Actuarial (gain)/loss	132.91
Settlement cost	Nil
Curtailment cost	Nil
Benefits paid	(7.47)
Defined Benefit obligation at year end	248.02



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

	Gratuity (Funded) 2007-08
Fair value of plan assets at beginning of the year	88.98
Expected return on plan assets	6.70
Actuarial (gain)/loss	(1.58)
Employer contribution	(2.99)
Benefits paid	(7.47)
Fair value of plan assets at the year end	83.64
Actual return on plan asset	5.12

III. Reconciliation of Fair value of assets and obligations

	Gratuity
	(Funded)
	2007-08
Fair value of plan assets	83.64
Present value of obligation	248.02
Amount recognised in balance sheet	164.38

IV. Expense recognised during the year

	Gratuity
	(Funded)
	2007-08
Current service cost	21.18
Interest cost	7.51
Expected return on plan assets	(6.70)
Actuarial (gain) / loss	134.49
Net Cost	156.49

V. Actuarial assumptions

	Gratuity
	(Funded)
	2007-08
Mortality Table (LIC)	(ultimate) 94-96
Discount rate (per annum)	8%
Expected rate of return on plan assets (per annum)	8%
Rate of escalation in salary (per annum)	5%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors. The above information is certified by the actuary.



25. SEGMENTAL REPORTING

Information about Business Segments (information provided in respect of revenue items for the 12 months period ended 31.03.2008 and in respect of assets / liabilities as at 31.03.2008) are furnished below:

Particulars		For the	he year ended 3	1.03.2008	For the period ended 31.03.2007 (18 Months)		
		Capital Goods Segment	Construction and EPC Contracts Segment	Others	Capital Goods Segment	Construction and EPC Contracts Segment	Others
a)	Revenue	20,601.27	1,29,882.10	-	21,911.89	55,602.29	-
b)	Result	3,317.72	9,207.01	-	1,332.01	4,717.92	-
c)	Assets	15,227.35	54,175.50	31,796.06	8,136.28	24,127.61	633.02
d)	Liabilities	15,227.35	54,175.50	31,796.06	8,136.28	24,127.61	633.02
e)	Capital Assets acquired during the year	658.85	1,843.54	-	446.36	948.82	-
f)	Depreciation	183.41	318.89	-	330.44	378.24	-

26. PARTICULARS OF RELATED PARTIES

List of Related Parties

a. Subsidiary Companies

- i. Progen Systems and Technologies Ltd.
- ii. Schmitz Reinigungskugeln GmbH. (Up to 01.08.2007)

b. Other Companies

- i. Pragati Computers Ltd
- ii. Sasikala Estate Pvt Ltd
- iii. Schmitz India Private Limited
- iv. GEA BGR Energy System India Ltd

c. Joint Ventures

Mecon - GEA (JV)

d. Key Management Personnel:

- i. Managing Director: Mr. B.G.Raghupathy
- ii. Director (Finance): Mr. S.Rathinam
- iii. Director: Mr. V.R. Mahadevan

e. Relations of Key Management Personnel

- i. Swarnamugi Raghupathy
- ii. Priyadarshini Raghupathy



Related party transactions

Particulars	Subsidiary Comapnies	Other Companies	Key Management Personnel	Relatives	For the year ended 31.03.08	For the 18 months period ended 31.03.07
Sales	-	-	-	-	-	572.54
Purchases	259.15	179.27	-	-	438.42	451.14
Loans & Advances	3.25	-	-	-	3.25	11.26
Remuneration	-	-	741.07	3.45	744.52	388.85
Sitting Fees	-	-	_	_	0.00	0.08
Others	-	33.09	-	_	33.09	47.00

27. LEASES:

Finance Lease

- i. The Company has taken Plant and Machinery amounting to Rs. 722.27 Lakhs (Rs.832.43 lakhs) on Finance Lease. The written down value of these assets as on 31.3.2008 is Rs.454.83 lakhs (Rs.614.68 lakhs)
- ii. The minimum lease rentals as at 31st March 2008 and the present value of minimum lease payments as at 31st March 2008 in respect of assets acquired under finance lease are as follows.

Particulars	Minimum Lease Payments		Present value of minimum lease payments	
	As on 31.03.08	As on 31.03.07	As on 31.03.08	As on 31.03.07
Payables not later than one year	189.02	215.90	178.64	186.83
Payable later than 1 year and not later than 5 years	23.83	235.25	22.66	223.38
Payable later than 5 years	NIL	-	NIL	NIL
TOTAL	212.85	451.15	201.30	410.21
Less: Future Finance Charges	19.81	40.94	-	-
Present Value of Minimum lease payments	193.04	410.21	-	-

Operating Lease

The minimum lease rentals as at 31st March 2008 in respect of assets acquired under Operating lease are as follows.

- i. Paid till 31.03.2008 is Rs.107.36 Lakhs (Rs.71.58 Lakhs)
- ii. Payable not later than 1 Year is Rs.29.83 Lakhs (Rs.35.79 Lakhs)
- iii. Payable later than 1 year and not later than 5 Years is Rs.Nil Lakhs (Rs.17.89 Lakhs)



28. DEFERRED TAXES

Major components of Deferred Tax Assets and Liabilities are as under:

	Deferred Tax	Deferred Tax	Deferred Tax	Deferred Tax
	Asset as on	Liability as on	Assets as on	Liability as on
	31.03.08	31.03.08	31.03.07	31.03.07
Depreciation		266.08		207.34
R & D		33.06	32.74	
Impairment of Assets	38.93		35.33	
Gratuity	16.26		12.92	
Royalty	33.51		33.18	
PL Encashment	36.24		24.84	
Others	146.87		8.80	
Retention Money		3,905.95		
TOTAL	271.81	4,205.09	115.07	240.08

29. EARNING PER SHARE

Particulars		For the	For the
		Year ended	Year ended
		31.03.2008	18 months
			period
			31.03.2007
Basic EPS			
Profit after tax as per accounts	A	8444.30	3919.59
Weighted Average Number of shares subscribed (Nos.)	В	668.07	648.00
Basic EPS (Rs.)	A/B	12.64	6.05
Diluted EPS			
Profit for the year for Basic EPS	A	8444.30	3919.59
Less: Adjustment	С	Nil	Nil
Adjusted Profit for Diluted EPS	D = A - C	8444.30	3919.59
Weighted average number of Equity shares for Basic EPS (Nos.)	E	668.07	648.00
Add: Adjustment			
a. Employee Stock Option Payment	F	7.05	7.05
b. Share Application Advance	G	0.00	0.90
Weighted average number of Equity shares for Diluted EPS (Nos.)	H = E + F + G	675.12	655.95
Diluted EPS (Rs.)	I = D/H	12.51	5.98

30. JOINT VENTURES

The company along with Mecon Ltd has formed an unincorporated Joint Venture (Association of Persons) for execution of project contracts.



31. IMPAIRMENT OF ASSETS

a. Cash Generating Units:

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

b. Other Assets:

The company has made a provision of Rs. 9.56 lakhs (Rs. 103.93 lakhs) in the books of accounts towards impairment of other fixed assets based on the technical valuation.

32. PROVISIONS

The company has made a provision of Rs.288.70 Lakhs (Rs.98.24 Lakhs) towards warranty obligations on the products supplied \ contracts executed by the company.

a. Movement in provisions

(Rs. in lakhs)

Particulars	Provision for Warranty
Balance as on 01.04.2007	98.24
Add :Additional provision during the year	195.70
Less: a) Provision used during the year	2.48
b) Provision reversed during the year	2.76
Balance as at 31.03.2008	288.70

- b. The company provides warranties on its products, contracts and services, undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period.
- c. Disclosure in respect of Contingent liabilities is given as note no. 4 as a part of Balance Sheet.
- **33.** Previous year figures have been regrouped wherever necessary for comparative purposes and shown along side or in brackets.
- 34. The previous accounting period relates to 18 months period ended 31.03.2007.

As per our report of even date

For M/s MANOHAR CHOWDHRY & ASSOCIATES

Chartered Accountants

B.G. RAGHUPATHY V.R. MAHADEVAN S. RATHINAM Chairman & Managing Director Whole Time Director Director-Finance

SASIKALA RAGHUPATHY
Director

S.R. TAGAT HEINRICH BOHMER R. RAMESHKUMAR P.R. EASWAR KUMAR Chennai
Director Company Secretary Chief Financial Officer 12.06.2008

Abstract and Profile



1		Reg	istrat	ion I	Detai	S
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Registration No. 005318
State Code 01
Balance Sheet Date 31.03.2008

2. Capital raised during the year including securities premium (Amount Rs. in Lakhs)

Public Issue 20736 Rights Issue NIL
Bonus Issue 5400 Private Placement 12960

3. Position of mobilisation and deployment of funds (Amount Rs. in Lakhs)

Total Liabilities 101198.90 Total Assets 101198.90

Sources of Funds

Paid-up Capital7200.00Reserves & Surplus39932.58Secured Loans49898.00Unsecured Loans235.04

3933.28

Application of Funds

Deferred Taxation

Net Fixed Assets4608.60Investments15565.35Net Current Assets81024.96Miscellaneous Expenditure0.00Accumulated Losses-

4. Performance of the Company (Amount Rs. in Lakhs)

Turnover 150775.30 Total Expenditure 138250.58

Profit/(Loss) before tax + 12524.72 Profit/(Loss) after tax + 8444.34

(Please tick appropriate box + for profit, — for loss)

Earning per Share 12.64 Dividend Rate %

5. Generic Name of five Principal Products/services of the Company (as per monetary terms):

Item Code No. (ITC Code)	84.79	Product Description	On Load Condenser Tube Cleaning System
Item Code No. (ITC Code)	84.21	Product Description	Debris Filter
Item Code No. (ITC Code)	84.19	Product Description	Air Cooled Heat Exchangers
Item Code No. (ITC Code)	84.02	Product Description	Deaerator
Item Code No. (ITC Code)	35.49	Product Description	Oil and Gas Equipment

As per our report of even date

For M/s MANOHAR CHOWDHRY & ASSOCIATES

Chartered Accountants

B.G. RAGHUPATHY V.R. MAHADEVAN S. RATHINAM
Chairman & Managing Director Whole Time Director Director-Finance

SASIKALA RAGHUPATHYM. GOPALAKRISHNAS.A. BOHRAG.R. HARIDirectorDirectorDirectorPartner

M.No.206386

S.R. TAGAT HEINRICH BOHMER R. RAMESHKUMAR P.R. EASWAR KUMAR Chennai Director Company Secretary Chief Financial Officer 12.06.2008

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CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2008

A CASH FLOW FROM OPERATING ACTIVITIES NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS ADJUSTMENTS FOR DEPRECIATION & AMORTIZATION DIVIDEND FROM INVESTMENTS - TRADE DIVIDEND FROM INVESTMENTS - TRADE (PROFIT)/LOSS ON SALE OF FIXED ASSETS (FROFIT)/LOSS ON SALE OF FIXED ASSETS (PROFIT)/LOSS ON SALE OF INVESTMENTS (PROFIT)/LOSS ON SALE OF INVESTMENTS (PROFIT)/LOSS ON FOREIGN CURRENCY TRANSLATION INTEREST EXPENSE OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES ADJUSTMENTS FOR (INCREASE)/DECREASE IN SUNDRY DEBTORS (INCREASE)/DECREASE IN SUNDRY DEBTORS (INCREASE)/DECREASE IN TOTHER CURRENT ASSETS (INCREASE)/DECREASE IN OTHER CURRENT ASSETS (INCREASE)/DECREASE IN LOANS AND ADVANCES (INCREASE)/DECREASE IN TRADE PAYABLES CASH GENERATED FROM OPERATIONS TAXES PAID NET CASH FLOW FROM OPERATIONS TAXES PAID NET CASH FLOW FROM OPERATING ACTIVITIES B CASH FLOW FROM INVESTMENTS (PROFIT)/LOSS ON SALE OF INVESTMENTS SALE OF INVESTMENTS (PROFIT)/LOSS ON SALE OF INVESTMENTS DECREASE /INCREASE IN CAPITAL WORK-IN-PROGRESS DIVIDEND FROM INVESTMENTS - TRADE 1.00 (PROFIT)/LOSS ON SALE OF BNEST SHOP INVESTMENTS DECREASE /INCREASE IN CAPITAL WORK-IN-PROGRESS DIVIDEND FROM INVESTMENTS - TRADE 1.00 (PROFIT)/LOSS ON SALE OF BNESS DIVISION NET CASH FLOW FROM INVESTMENTS - TRADE 1.00 (PROFIT)/LOSS ON SALE OF BNESS DIVISION NET CASH FLOW FROM INVESTMENTS - NON TRADE (DIVIDEND FROM INVESTMENTS - NON TRADE 1.00 (PROFIT)/LOSS ON SALE OF BNESS DIVISION NET CASH FLOW FROM INVESTMENTS - NON TRADE CASH FLOW FROM INVESTMENTS - NON TRADE 1.00 (PROFIT)/LOSS ON SALE OF BNESS DIVISION NET CASH FLOW FROM INVESTING ACTIVITIES C CASH FLOW FROM INVESTING ACTIVITIES C CASH FLOW FROM INVESTING ACTIVITIES PROCEEDS FROM ISSUE OF SHARE APPLICATION ADVANCE 5 ECURED LOANS (REPAID)/ AVAILED	12,524.72	852.51 (2.20)	6049.93
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DIVIDEND FROM INVESTMENTS - NON TRADE (PROFIT)/LOSS ON SALE OF FIXED ASSETS (PROFIT)/LOSS ON SALE OF BUSINESS DIVISION (PROFIT)/LOSS ON SALE OF BUSINESS DIVISION (PROFIT)/LOSS ON SALE OF INVESTMENTS (2.31) (PROFIT)/LOSS ON SALE OF REIGN CURRENCY TRANSLATION INTEREST EXPENSE OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES ADJUSTMENTS FOR (INCREASE)/DECREASE IN SUNDRY DEBTORS (INCREASE)/DECREASE IN SUNDRY DEBTORS (INCREASE)/DECREASE IN TOTHER CURRENT ASSETS (386.53) (INCREASE)/DECREASE IN LOANS AND ADVANCES INTEREST (DECREASE IN LOANS AND ADVANCES CASH GENERATED FROM OPERATIONS TAXES PAID NET CASH FLOW FROM INVESTING ACTIVITIES B CASH FLOW FROM INVESTING ACTIVITIES: PURCHASE OF FIXED ASSETS SALE OF FIXED ASSETS (15,112.35) SALE OF INVESTMENTS (15,112.35) SALE OF INVESTMENTS (PROFIT)/LOSS ON SALE OF INVESTMENTS DIVIDEND FROM INVESTMENTS - TRADE DIVIDEND FROM INVESTMENTS - TRADE OF INVESTMENTS - TRADE DIVIDEND FROM INVESTMENTS - TRADE (PROFIT)/LOSS ON SALE OF BUSINESS DIVISION NET CASH FLOW FROM INVESTMENTS - TRADE OF INVESTMENTS - TRADE DIVIDEND FROM INVESTMENTS - TRADE OF INVESTMENTS	0.014.25	(2.20)	
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(PROFIT)/LOSS ON SALE OF BUSINESS DIVISION (PROFIT)/LOSS ON SALE OF INVESTMENTS (PROFIT)/LOSS ON FOREIGN CURRENCY TRANSLATION INTEREST EXPENSE OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES ADJUSTMENTS FOR (INCREASE)/DECREASE IN SUNDRY DEBTORS (INCREASE)/DECREASE IN INVENTORIES (INCREASE)/DECREASE IN INVENTORIES (INCREASE)/DECREASE IN OTHER CURRENT ASSETS (INCREASE)/DECREASE IN LOANS AND ADVANCES (INCREASE)/DECREASE IN TRADE PAYABLES CASH GENERATED FROM OPERATIONS TAXES PAID NET CASH FLOW FROM OPERATING ACTIVITIES B CASH FLOW FROM INVESTING ACTIVITIES: PURCHASE OF FIXED ASSETS (2,502.39) SALE OF FIXED ASSETS (PROFIT)/LOSS ON SALE OF INVESTMENTS (PROFIT)/LOSS ON SALE OF INVESTMENTS DECREASE/INCREASE IN CAPITAL WORK-IN-PROGRESS DIVIDEND FROM INVESTMENTS - TRADE DIVIDEND FROM INVESTMENTS - TRADE OF INVESTMENTS - TRADE DIVIDEND FROM INVESTMENTS - TRADE OF INVEST	0.014.05	-	
(PROFIT)/LOSS ON SALE OF INVESTMENTS (PROFIT)/LOSS ON FOREIGN CURRENCY TRANSLATION INTEREST EXPENSE OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES ADJUSTMENTS FOR (INCREASE)/DECREASE IN SUNDRY DEBTORS (INCREASE)/DECREASE IN INVENTORIES (INCREASE)/DECREASE IN INVENTORIES (INCREASE)/DECREASE IN OTHER CURRENT ASSETS (INCREASE)/DECREASE IN LOANS AND ADVANCES (INCREASE)/DECREASE IN TRADE PAYABLES CASH GENERATED FROM OPERATIONS TAXES PAID NET CASH FLOW FROM INVESTING ACTIVITIES B CASH FLOW FROM INVESTING ACTIVITIES: PURCHASE OF FIXED ASSETS (2,502.39) SALE OF FIXED ASSETS (15,112.35) SALE OF INVESTMENTS (PROFIT)/LOSS ON SALE OF INVESTMENTS DECREASE/INCREASE IN CAPITAL WORK-IN-PROGRESS DIVIDEND FROM INVESTMENTS - TRADE CASH FLOW FROM INVESTMENTS - TRADE DIVIDEND FROM INVESTMENTS - TRADE DIVIDEND FROM INVESTMENTS - NON TRADE (PROFIT)/LOSS ON SALE OF BUSINESS DIVISION NET CASH FLOW FROM INVESTING ACTIVITIES C CASH FLOW FROM INVESTING ACTIVITIES C CASH FLOW FROM INVESTING ACTIVITIES PROCEEDS FROM ISSUE OF SHARE CAPITAL REPAYMENT OF SHARE APPLICATION ADVANCE	2.014.25	5.03	
(PROFIT)/LOSS ON FOREIGN CURRENCY TRANSLATION INTEREST EXPENSE OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES ADJUSTMENTS FOR (INCREASE)/ DECREASE IN SUNDRY DEBTORS (INCREASE)/ DECREASE IN INVENTORIES (INCREASE)/ DECREASE IN INVENTORIES (INCREASE)/ DECREASE IN OTHER CURRENT ASSETS (INCREASE)/ DECREASE IN LOANS AND ADVANCES (INCREASE)/ DECREASE IN LOANS AND ADVANCES (INCREASE)/ DECREASE) IN TRADE PAYABLES CASH GENERATED FROM OPERATIONS TAXES PAID NET CASH FLOW FROM INVESTING ACTIVITIES B CASH FLOW FROM INVESTING ACTIVITIES: PURCHASE OF FIXED ASSETS (2,502.39) SALE OF FIXED ASSETS 613.94 PURCHASE OF INVESTMENTS (15,112.35) SALE OF INVESTMENTS (PROFIT)/LOSS ON SALE OF INVESTMENTS DECREASE/INCREASE IN CAPITAL WORK-IN-PROGRESS DIVIDEND FROM INVESTMENTS - TRADE (PROFIT)/LOSS ON SALE OF BUSINESS DIVISION NET CASH FLOW FROM INVESTING ACTIVITIES C CASH FLOW FROM INVESTING ACTIVITIES C CASH FLOW FROM INVESTING ACTIVITIES PROCEEDS FROM ISSUE OF SHARE CAPITAL REPAYMENT OF SHARE APPLICATION ADVANCE	2.014.00	-	
INTEREST EXPENSE OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES ADJUSTMENTS FOR (INCREASE)/ DECREASE IN SUNDRY DEBTORS (INCREASE)/ DECREASE IN INVENTORIES (INCREASE)/ DECREASE IN INVENTORIES (INCREASE)/ DECREASE IN OTHER CURRENT ASSETS (INCREASE)/ DECREASE IN LOANS AND ADVANCES (INCREASE)/ DECREASE IN LOANS AND ADVANCES (INCREASE)/ DECREASE IN LOANS AND ADVANCES (INCREASE)/ DECREASE) IN TRADE PAYABLES CASH GENERATED FROM OPERATIONS TAXES PAID NET CASH FLOW FROM OPERATING ACTIVITIES B CASH FLOW FROM INVESTING ACTIVITIES: PURCHASE OF FIXED ASSETS (2,502.39) SALE OF FIXED ASSETS 613.94 PURCHASE OF INVESTMENTS (5,112.35) SALE OF INVESTMENTS (15,112.35) SALE OF INVESTMENTS (PROFIT)/LOSS ON SALE OF INVESTMENTS DECREASE/INCREASE IN CAPITAL WORK-IN-PROGRESS DIVIDEND FROM INVESTMENTS - TRADE DIVIDEND FROM INVESTMENTS - NON TRADE (PROFIT)/LOSS ON SALE OF BUSINESS DIVISION NET CASH FLOW FROM INVESTING ACTIVITIES C CASH FLOW FROM INVESTING ACTIVITIES PROCEEDS FROM ISSUE OF SHARE CAPITAL 31,972.36 REPAYMENT OF SHARE APPLICATION ADVANCE	2.014.00	-	
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES ADJUSTMENTS FOR (INCREASE) / DECREASE IN SUNDRY DEBTORS (INCREASE) / DECREASE IN INVENTORIES (INCREASE) / DECREASE IN INVENTORIES (INCREASE) / DECREASE IN OTHER CURRENT ASSETS (386.53) (INCREASE) / DECREASE IN LOANS AND ADVANCES (INCREASE) / DECREASE IN LOANS AND ADVANCES (INCREASE) / DECREASE IN LOANS AND ADVANCES (INCREASE) / (DECREASE) IN TRADE PAYABLES CASH GENERATED FROM OPERATIONS TAXES PAID NET CASH FLOW FROM OPERATING ACTIVITIES B CASH FLOW FROM INVESTING ACTIVITIES: PURCHASE OF FIXED ASSETS (2,502.39) SALE OF FIXED ASSETS (15,112.35) SALE OF INVESTMENTS (15,112.35) SALE OF INVESTMENTS (PROFIT) / LOSS ON SALE OF INVESTMENTS DIVIDEND FROM INVESTMENTS - TRADE (PROFIT) / LOSS ON SALE OF BUSINESS DIVISION (PROFIT) / LOSS ON SALE OF BUSINESS DIVISION NET CASH FLOW FROM INVESTING ACTIVITIES C CASH FLOW FROM INVESTING ACTIVITIES PROCEEDS FROM ISSUE OF SHARE CAPITAL REPAYMENT OF SHARE APPLICATION ADVANCE		3.99	
ADJUSTMENTS FOR (INCREASE) / DECREASE IN SUNDRY DEBTORS (INCREASE) / DECREASE IN INVENTORIES (INCREASE) / DECREASE IN INVENTORIES (INCREASE) / DECREASE IN OTHER CURRENT ASSETS (INCREASE) / DECREASE IN LOANS AND ADVANCES (INCREASE) / DECREASE IN LOANS AND ADVANCES (INCREASE) / (DECREASE) IN TRADE PAYABLES CASH GENERATED FROM OPERATIONS TAXES PAID NET CASH FLOW FROM OPERATING ACTIVITIES B CASH FLOW FROM INVESTING ACTIVITIES: PURCHASE OF FIXED ASSETS (2,502.39) SALE OF FIXED ASSETS (15,112.35) SALE OF INVESTMENTS (15,112.35) SALE OF INVESTMENTS (PROFIT) / LOSS ON SALE OF INVESTMENTS DIVIDEND FROM INVESTMENTS DIVIDEND FROM INVESTMENTS - TRADE DIVIDEND FROM INVESTMENTS - TRADE DIVIDEND FROM INVESTMENTS - TRADE DIVIDEND FROM INVESTMENTS - NON TRADE (PROFIT) / LOSS ON SALE OF BUSINESS DIVISION (PROFIT) / LOSS ON SALE OF BUSINESS DIVISION NET CASH FLOW FROM INVESTING ACTIVITIES C CASH FLOW FROM FINANCING ACTIVITIES PROCEEDS FROM ISSUE OF SHARE CAPITAL REPAYMENT OF SHARE APPLICATION ADVANCE -	2,914.96	1,743.78	2,603.11
(INCREASE) / DECREASE IN INVENTORIES (INCREASE) / DECREASE IN OTHER CURRENT ASSETS (INCREASE) / DECREASE IN LOANS AND ADVANCES (INCREASE) / DECREASE IN LOANS AND ADVANCES (INCREASE) / DECREASE IN LOANS AND ADVANCES (INCREASE) / (DECREASE) IN TRADE PAYABLES CASH GENERATED FROM OPERATIONS TAXES PAID NET CASH FLOW FROM OPERATING ACTIVITIES B CASH FLOW FROM INVESTING ACTIVITIES: PURCHASE OF FIXED ASSETS (2,502.39) SALE OF FIXED ASSETS (15,112.35) SALE OF INVESTMENTS (15,112.35) SALE OF INVESTMENTS (PROFIT) / LOSS ON SALE OF INVESTMENTS DECREASE / INCREASE IN CAPITAL WORK-IN-PROGRESS DIVIDEND FROM INVESTMENTS - TRADE DIVIDEND FROM INVESTMENTS - TRADE DIVIDEND FROM INVESTMENTS - NON TRADE (PROFIT) / LOSS ON SALE OF BUSINESS DIVISION (PROFIT) / LOSS ON SALE OF BUSINESS DIVISION (PROFIT) / LOSS ON SALE OF BUSINESS DIVISION NET CASH FLOW FROM INVESTING ACTIVITIES PROCEEDS FROM ISSUE OF SHARE CAPITAL REPAYMENT OF SHARE APPLICATION ADVANCE -	15,439.68		8,653.04
(INCREASE) / DECREASE IN OTHER CURRENT ASSETS (INCREASE) / DECREASE IN LOANS AND ADVANCES (INCREASE) / DECREASE IN LOANS AND ADVANCES (INCREASE) / DECREASE IN LOANS AND ADVANCES (INCREASE) / DECREASE IN TRADE PAYABLES CASH GENERATED FROM OPERATIONS TAXES PAID NET CASH FLOW FROM OPERATING ACTIVITIES B CASH FLOW FROM INVESTING ACTIVITIES: PURCHASE OF FIXED ASSETS (2,502.39) SALE OF FIXED ASSETS (15,112.35) SALE OF INVESTMENTS (15,112.35) SALE OF INVESTMENTS (PROFIT) / LOSS ON SALE OF INVESTMENTS DECREASE / INCREASE IN CAPITAL WORK-IN-PROGRESS DIVIDEND FROM INVESTMENTS - TRADE DIVIDEND FROM INVESTMENTS - NON TRADE (PROFIT) / LOSS ON SALE OF BUSINESS DIVISION (PROFIT) / LOSS ON SALE OF BUSINESS DIVISION (PROFIT) / LOSS ON SALE OF BUSINESS DIVISION NET CASH FLOW FROM INVESTING ACTIVITIES PROCEEDS FROM ISSUE OF SHARE CAPITAL REPAYMENT OF SHARE APPLICATION ADVANCE		(8,850.30)	
(INCREASE) / DECREASE IN LOANS AND ADVANCES INCREASE / (DECREASE) IN TRADE PAYABLES CASH GENERATED FROM OPERATIONS TAXES PAID NET CASH FLOW FROM OPERATING ACTIVITIES B CASH FLOW FROM INVESTING ACTIVITIES: PURCHASE OF FIXED ASSETS PURCHASE OF INVESTMENTS SALE OF INVESTMENTS (15,112.35) SALE OF INVESTMENTS (PROFIT) / LOSS ON SALE OF INVESTMENTS DECREASE / INCREASE IN CAPITAL WORK-IN-PROGRESS DIVIDEND FROM INVESTMENTS - TRADE DIVIDEND FROM INVESTMENTS - NON TRADE (PROFIT) / LOSS ON SALE OF BUSINESS DIVISION NET CASH FLOW FROM INVESTING ACTIVITIES PROCEEDS FROM ISSUE OF SHARE CAPITAL REPAYMENT OF SHARE APPLICATION ADVANCE -		(1,033.60)	
CASH GENERATED FROM OPERATIONS TAXES PAID NET CASH FLOW FROM OPERATING ACTIVITIES B CASH FLOW FROM INVESTING ACTIVITIES: PURCHASE OF FIXED ASSETS SALE OF FIXED ASSETS PURCHASE OF INVESTMENTS SALE OF INVESTMENTS (15,112.35) SALE OF INVESTMENTS (PROFIT)/LOSS ON SALE OF INVESTMENTS DECREASE/INCREASE IN CAPITAL WORK-IN-PROGRESS DIVIDEND FROM INVESTMENTS - TRADE DIVIDEND FROM INVESTMENTS - NON TRADE (PROFIT)/LOSS ON SALE OF BUSINESS DIVISION PET CASH FLOW FROM INVESTING ACTIVITIES C CASH FLOW FROM INVESTING ACTIVITIES PROCEEDS FROM ISSUE OF SHARE CAPITAL REPAYMENT OF SHARE APPLICATION ADVANCE		(8,100.36)	
CASH GENERATED FROM OPERATIONS TAXES PAID NET CASH FLOW FROM OPERATING ACTIVITIES B CASH FLOW FROM INVESTING ACTIVITIES: PURCHASE OF FIXED ASSETS SALE OF FIXED ASSETS (15,112.35) SALE OF INVESTMENTS (15,112.35) SALE OF INVESTMENTS SALE OF INVESTMENTS (PROFIT)/LOSS ON SALE OF INVESTMENTS DECREASE/INCREASE IN CAPITAL WORK-IN-PROGRESS DIVIDEND FROM INVESTMENTS - TRADE DIVIDEND FROM INVESTMENTS - NON TRADE (PROFIT)/LOSS ON SALE OF BUSINESS DIVISION (PROFIT)/LOSS ON SALE OF BUSINESS DIVISION NET CASH FLOW FROM INVESTING ACTIVITIES C CASH FLOW FROM INVESTING ACTIVITIES PROCEEDS FROM ISSUE OF SHARE CAPITAL REPAYMENT OF SHARE APPLICATION ADVANCE		(14,434.86)	
TAXES PAID NET CASH FLOW FROM OPERATING ACTIVITIES B CASH FLOW FROM INVESTING ACTIVITIES: PURCHASE OF FIXED ASSETS SALE OF FIXED ASSETS PURCHASE OF INVESTMENTS SALE OF INVESTMENTS SALE OF INVESTMENTS (15,112.35) SALE OF INVESTMENTS (PROFIT) / LOSS ON SALE OF INVESTMENTS DIVIDEND FROM INVESTMENTS DIVIDEND FROM INVESTMENTS - TRADE DIVIDEND FROM INVESTMENTS - TRADE DIVIDEND FROM INVESTMENTS - NON TRADE (PROFIT) / LOSS ON SALE OF BUSINESS DIVISION NET CASH FLOW FROM INVESTING ACTIVITIES PROCEEDS FROM ISSUE OF SHARE CAPITAL REPAYMENT OF SHARE APPLICATION ADVANCE -		19,679.19	
TAXES PAID NET CASH FLOW FROM OPERATING ACTIVITIES B CASH FLOW FROM INVESTING ACTIVITIES: PURCHASE OF FIXED ASSETS SALE OF FIXED ASSETS PURCHASE OF INVESTMENTS SALE OF INVESTMENTS SALE OF INVESTMENTS (15,112.35) SALE OF INVESTMENTS (PROFIT)/LOSS ON SALE OF INVESTMENTS DIVIDEND FROM INVESTMENTS DIVIDEND FROM INVESTMENTS - TRADE DIVIDEND FROM INVESTMENTS - TRADE (PROFIT)/LOSS ON SALE OF BUSINESS DIVISION (PROFIT)/LOSS ON SALE OF BUSINESS DIVISION NET CASH FLOW FROM INVESTING ACTIVITIES C CASH FLOW FROM FINANCING ACTIVITIES PROCEEDS FROM ISSUE OF SHARE CAPITAL REPAYMENT OF SHARE APPLICATION ADVANCE -	(32,206.56)		(12,739.93)
NET CASH FLOW FROM OPERATING ACTIVITIES B CASH FLOW FROM INVESTING ACTIVITIES: PURCHASE OF FIXED ASSETS SALE OF FIXED ASSETS PURCHASE OF INVESTMENTS (15,112.35) SALE OF INVESTMENTS SALE OF INVESTMENTS (PROFIT)/LOSS ON SALE OF INVESTMENTS DIVIDEND FROM INVESTMENTS DIVIDEND FROM INVESTMENTS DIVIDEND FROM INVESTMENTS-TRADE DIVIDEND FROM INVESTMENTS-TRADE DIVIDEND FROM INVESTMENTS-NON TRADE (PROFIT)/LOSS ON SALE OF BUSINESS DIVISION NET CASH FLOW FROM INVESTING ACTIVITIES C CASH FLOW FROM FINANCING ACTIVITIES PROCEEDS FROM ISSUE OF SHARE CAPITAL REPAYMENT OF SHARE APPLICATION ADVANCE	(16,766.88)		(4,086.89)
B CASH FLOW FROM INVESTING ACTIVITIES: PURCHASE OF FIXED ASSETS SALE OF FIXED ASSETS PURCHASE OF INVESTMENTS PURCHASE OF INVESTMENTS SALE OF INVESTMENTS (15,112.35) SALE OF INVESTMENTS (PROFIT)/LOSS ON SALE OF INVESTMENTS DECREASE/INCREASE IN CAPITAL WORK-IN-PROGRESS DIVIDEND FROM INVESTMENTS - TRADE DIVIDEND FROM INVESTMENTS - NON TRADE (PROFIT)/LOSS ON SALE OF BUSINESS DIVISION NET CASH FLOW FROM INVESTING ACTIVITIES C CASH FLOW FROM FINANCING ACTIVITIES PROCEEDS FROM ISSUE OF SHARE CAPITAL REPAYMENT OF SHARE APPLICATION ADVANCE -	(266.77)		(745.89)
PURCHASE OF FIXED ASSETS SALE OF FIXED ASSETS 613.94 PURCHASE OF INVESTMENTS (15,112.35) SALE OF INVESTMENTS SALE OF INVESTMENTS (PROFIT)/LOSS ON SALE OF INVESTMENTS DECREASE/INCREASE IN CAPITAL WORK-IN-PROGRESS DIVIDEND FROM INVESTMENTS - TRADE DIVIDEND FROM INVESTMENTS - NON TRADE (PROFIT)/LOSS ON SALE OF BUSINESS DIVISION (PROFIT)/LOSS ON SALE OF BUSINESS DIVISION NET CASH FLOW FROM INVESTING ACTIVITIES PROCEEDS FROM ISSUE OF SHARE CAPITAL REPAYMENT OF SHARE APPLICATION ADVANCE -	(17,033.65)		(4,832.77)
SALE OF FIXED ASSETS PURCHASE OF INVESTMENTS SALE OF INVESTMENTS SALE OF INVESTMENTS SALE OF INVESTMENTS SALE OF INVESTMENTS (PROFIT)/LOSS ON SALE OF INVESTMENTS DECREASE/INCREASE IN CAPITAL WORK-IN-PROGRESS DIVIDEND FROM INVESTMENTS - TRADE DIVIDEND FROM INVESTMENTS - NON TRADE (PROFIT)/LOSS ON SALE OF BUSINESS DIVISION NET CASH FLOW FROM INVESTING ACTIVITIES CCASH FLOW FROM INVESTING ACTIVITIES PROCEEDS FROM ISSUE OF SHARE CAPITAL REPAYMENT OF SHARE APPLICATION ADVANCE -		(1.205.10)	
PURCHASE OF INVESTMENTS SALE OF INVESTMENTS (PROFIT)/LOSS ON SALE OF INVESTMENTS DECREASE/INCREASE IN CAPITAL WORK-IN-PROGRESS DIVIDEND FROM INVESTMENTS - TRADE DIVIDEND FROM INVESTMENTS - NON TRADE (PROFIT)/LOSS ON SALE OF BUSINESS DIVISION NET CASH FLOW FROM INVESTING ACTIVITIES PROCEEDS FROM ISSUE OF SHARE CAPITAL REPAYMENT OF SHARE APPLICATION ADVANCE (15,112.35) (1		(1,395.18) 22.80	
SALE OF INVESTMENTS (PROFIT)/LOSS ON SALE OF INVESTMENTS DECREASE/INCREASE IN CAPITAL WORK-IN-PROGRESS DIVIDEND FROM INVESTMENTS - TRADE DIVIDEND FROM INVESTMENTS - NON TRADE (PROFIT)/LOSS ON SALE OF BUSINESS DIVISION NET CASH FLOW FROM INVESTING ACTIVITIES C CASH FLOW FROM FINANCING ACTIVITIES PROCEEDS FROM ISSUE OF SHARE CAPITAL REPAYMENT OF SHARE APPLICATION ADVANCE 5.569 2.31 2.31 2.31 321.73 321.73 321.73 42.60 42.60 42.60 42.60 42.60 42.60 42.60 42.60 42.60 42.60 42.60 42.60 42.60 42.60 42.60 42.60		(17.71)	
(PROFIT)/LOSS ON SALE OF INVESTMENTS DECREASE/INCREASE IN CAPITAL WORK-IN-PROGRESS DIVIDEND FROM INVESTMENTS - TRADE DIVIDEND FROM INVESTMENTS - NON TRADE (PROFIT)/LOSS ON SALE OF BUSINESS DIVISION NET CASH FLOW FROM INVESTING ACTIVITIES C CASH FLOW FROM INVESTING ACTIVITIES PROCEEDS FROM ISSUE OF SHARE CAPITAL REPAYMENT OF SHARE APPLICATION ADVANCE 2.31 192.15 231 242.15 252.17 262.17 262.17 263.		(17./1)	
DECREASE / INCREASE IN CAPITAL WORK-IN-PROGRESS DIVIDEND FROM INVESTMENTS - TRADE DIVIDEND FROM INVESTMENTS - NON TRADE (PROFIT) / LOSS ON SALE OF BUSINESS DIVISION NET CASH FLOW FROM INVESTING ACTIVITIES C CASH FLOW FROM INVESTING ACTIVITIES PROCEEDS FROM ISSUE OF SHARE CAPITAL REPAYMENT OF SHARE APPLICATION ADVANCE 192.15 321.73 321.73 321.73 42.60 31,972.36		-	
DIVIDEND FROM INVESTMENTS - TRADE DIVIDEND FROM INVESTMENTS - NON TRADE (PROFIT)/LOSS ON SALE OF BUSINESS DIVISION NET CASH FLOW FROM INVESTING ACTIVITIES C CASH FLOW FROM FINANCING ACTIVITIES PROCEEDS FROM ISSUE OF SHARE CAPITAL REPAYMENT OF SHARE APPLICATION ADVANCE 321.73 42.60 42.60 AT 1.00 42.60 42.		(246.57)	
DIVIDEND FROM INVESTMENTS - NON TRADE (PROFIT)/LOSS ON SALE OF BUSINESS DIVISION NET CASH FLOW FROM INVESTING ACTIVITIES C CASH FLOW FROM FINANCING ACTIVITIES PROCEEDS FROM ISSUE OF SHARE CAPITAL REPAYMENT OF SHARE APPLICATION ADVANCE 1.00 42.60 42.60 31,972.36		2.20	
(PROFIT)/LOSS ON SALE OF BUSINESS DIVISION NET CASH FLOW FROM INVESTING ACTIVITIES C CASH FLOW FROM FINANCING ACTIVITIES PROCEEDS FROM ISSUE OF SHARE CAPITAL REPAYMENT OF SHARE APPLICATION ADVANCE 42.60			
NET CASH FLOW FROM INVESTING ACTIVITIES C CASH FLOW FROM FINANCING ACTIVITIES PROCEEDS FROM ISSUE OF SHARE CAPITAL REPAYMENT OF SHARE APPLICATION ADVANCE 31,972.36		_	
PROCEEDS FROM ISSUE OF SHARE CAPITAL REPAYMENT OF SHARE APPLICATION ADVANCE 31,972.36	(16,383.33)		(1,634.46)
REPAYMENT OF SHARE APPLICATION ADVANCE			
SECURED LOANS (REPAID) / AVAILED 278.17		(9.00)	
		(189.99)	
UNSECURED LOANS (REPAID) / AVAILED (251.95)		(105.13)	
PAYMENT OF DIVIDEND (324.00)		(216.00)	
SECURED WORKING CAPITAL LOANS (REPAID) / AVAILED 25,735.53		16,033.12	
INTEREST EXPENSE (2,565.73)		(1,711.41)	
NET CASH FLOW FROM FINANCING ACTIVITIES	54,844.38		13,801.59
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)			7,334.35
CASH AND CASH EQUIVALENTS AS AT 01.04.2007 (OP. BAL)	21,427.41		1,805.73
CASH AND CASH EQUIVALENTS AS AT 31.03.2008 (CL. BAL)	21,427.41 9,140.08		9,140.08

For M/s MANOHAR CHOWDHRY & ASSOCIATES

Chartered Accountants

B.G. RAGHUPATHY V.R. MAHADEVAN S. RATHINAM Chairman & Managing Director Whole Time Director Director-Finance SASIKALA RAGHUPATHY M. GOPALAKRISHNA S.A. BOHRA G.R. HARI Director Director Director Partner M.No.206386 S.R. TAGAT **HEINRICH BOHMER** R. RAMESHKUMAR P.R. EASWAR KUMAR Chennai Director Director Company Secretary Chief Financial Officer 12.06.2008





STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO THE HOLDING COMPANY'S INTEREST IN THE SUBSIDIARY COMPANY

PROGEN SYSTEMS AND TECHNOLOGIES LIMITED

1.	Fina	ncial year of the subsidiary company ended on	:	31st March, 2008
2.		res of the Subsidiary Company held by BGR Energy Systems Limited he above date		
	a) Number and Face Value			42,50,000 Equity Shares of Rs. 10/- each
	b)	Extent of holding	:	69.67%
3.		aggregate amount of profit / (Loss) of the subsidiary company as it concerns the members of BGR Energy Systems Limited		
	a)	not dealt with in the accounts of BGR Energy Systems Limited for the year ended 31st March, 2008.		
		i) for the subsidiary's financial year ended 31st March, 2008	:	Rs.278.91 Lakhs
		ii) for the previous financial years of the subsidiary since it became the holding company's subsidiary	:	Rs.44.96 Lakhs
	b)	dealt with in the accounts of BGR Energy Systems Limited for the year ended 31st March, 2008		
		i) for the subsidiary's financial year ended 31st March, 2008	:	Nil
		ii) for the previous financial years of the subsidiary since it became the holding company's subsidiary	:	Nil
4.		nges in the interest of the Company between the end of the financial of the subsidiary and 31st March, 2008.	:	Not Applicable
5.	31st	erial changes between the end of financial year of the subsidiary and March, 2008 in respect of the subsidiary's fixed assets, investments and ey lent / borrowed by them.	:	Not applicable



AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS OF BGR ENERGY SYSTEMS LTD

- 1. We have audited the attached Consolidated Balance Sheet of M/s. BGR Energy Systems Limited ("the Company"), its subsidiaries, associate and Joint Venture entity (collectively referred to as 'the Group') as at 31st March 2008, the consolidated Profit and Loss Account and the Consolidated Cash Flow statement for the year ended on that date, annexed there to, which we have signed under reference to this report. These consolidated Financial Statements are the responsibility of the company's management and have been prepared by the management on the basis of separate financial statements and other financial information. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
- 2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3. We did not audit the financial statements of the subsidiary company, the associate entity and the Joint venture entity whose financial statements reflect the following as on 31.03.2008:

Rs.in Lakhs

Name of the entity	Nature	Total Assets	Total Liability	Net Asset Value	Total Revenue
Progen Systems and Technologies Limited	Subsidiary	1,582.58	708.37	874.21	1,681.82
Schmitz Reinigungskugeln GmBH	Subsidiary (Ceased to be a subsidiary as on 30th June 2007)	NIL	NIL	NIL	5.07
Cuddalore Powergen Corporation Ltd.	Associate	1,550.11	7.51	1542.60	NIL
Mecon - GEA Energy System (India) Ltd.	Joint Venture	4,322.22	4,326.61	(4.39)	8.34

These financial statements have been audited by other auditors' whose reports have been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of such subsidiaries, associate and joint venture entity, is based solely on the report of the other auditors.

4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, 'Consolidated Financial Statements', Accounting Standard 23, 'Accounting for Investments in Associates in Consolidated Financial Statements' and Accounting Standard 27, 'Financial Reporting on Interests in Joint Ventures' issued by the Institute of Chartered Accountants of India and also as notified by Company (Accounting Standards) Rules, 2006 and on the basis of the separate audited financial statements of the company, its subsidiaries, associate and Joint Venture entity included in the Consolidated Financial Statements.



Auditors Report on Consolidated Financial Statements

- 5. On the basis of the information and explanations given to us and on considerations in the separate audit reports on individual audited financial statements of the company and its aforesaid subsidiary, associate and Joint Venture entity, in our opinion, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2008;
 - b. in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
 - c. in the case of the consolidated cash flow statement, of the cash flows of the Group for the year ended on that date.

For Manohar Chowdhry & Associates Chartered Accountants

Place: Chennai Date: 12th June 2008 G. R. Hari Partner M.No.206386



CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2008

Description	Sch. No.	As at 31.03.2008 (Rs in lakhs)	As at 31.03.2007 (Rs in lakhs)
SOURCES OF FUNDS			
(1) Shareholders' Funds(a) Share Capital(b) Reserves and Surplus	1	7,200.00 40,174.70	
(2) Minority Interest		265.08	153.60
(3) Loan Funds (a) Secured Loans (b) Unsecured Loans	2	49,920.24 349.91	24,047.30 594.30
(4) Deferred Tax (Assets) / Liabilities, net		3,559.25	
Total		101,469.18	33,086.60
APPLICATION OF FUNDS			
 (1) Goodwill on Consolidation of Subsidiarie (2) Fixed Assets (a) Gross Block 	3	7,336.38	6,332.10
(b) Less: Depreciation and Impairment Net Block(c) Capital Work-In-Progress		2,064.18 5,272.20 109.73	
(3) Investments	4	15,140.35	28.00
(Goodwill on Consolidation of Associates))	0.08	0.08
 (4) Current Assets, Loans & Advances (a) Inventories (b) Sundry Debtors (c) Cash and Bank balances (d) Other Current Assets (e) Loans and Advances 	5	1,496.94 73,602.78 30,702.96 862.21 26,627.40 133,292.29	2,953.10 36,880.00 9,290.20 403.60 8,794.90 58,321.80
LESS:			
Current Liabilities & Provisions (a) Liabilities (b) Provisions	6	48,381.04 4,023.05 52,404.09	26,695.40 2,756.00 29,451.40
Net Current Assets		80,888.20	28,870.40
Total		101,469.18	33,086.60
NOTES ON ACCOUNTS	14		

As per our report of even date

For M/s MANOHAR CHOWDHRY & ASSOCIATES

Chartered Accountants

B.G. RAGHUPATHY	V.R. MAHADEVAN	S. RATHINAM		
Chairman & Managing Director	Whole Time Director	Director-Finance		
SASIKALA RAGHUPATHY	M. GOPALAKRISHNA	S.A. BOHRA		G.R. HARI
Director	Director	Director		Partner
				M.No.206386
S.R. TAGAT	HEINRICH BOHMER	R. RAMESHKUMAR	P.R. EASWAR KUMAR	Chennai
Director	Director	Company Secretary	Chief Financial Officer	12.06.2008



CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

Description	Sch. No.	For the year ended	For the period ended
		31.03.2008 (Rs in lakhs)	31.03.2007 (18 months) (Rs in lakhs)
INCOME			
Sales & Services	7	152,053.35	78,680.30
Other Income	8	519.17	29.95
Increase/ (Decrease) in WIP		$\frac{(287.94)}{452.224.52}$	317.80
EXPENDITURE		<u>152,284.58</u>	79,028.05
Cost of Materials	9	110,511.37	55,989.20
Cost of Manufacturing	10	14,218.37	5,566.24
Other Direct Cost	11	2,085.86	1,595.39
Administration, Selling & General Exp	penses 12	9,415.77	7,006.10
Interest	13	2,542.54	1,796.76
Depreciation and Impairment	3	553.86	887.64
		139,327.77	72,841.33
Profit before Tax		12,956.81	6,186.72
Provision for Taxation			
Current tax		1,414.67	2,127.84
Deferred Tax		2,627.78	(113.94)
Fringe Benefit Tax		68.02	91.40
Profit after Tax		8,846.34	4,081.42
Surplus brought forward		858.85	86.24
		9,705.19	4,167.66
APPROPRIATIONS			
Transfer to General Reserve		844.04	392.20
Proposed Dividend		1,440.00	324.40
Corporate Dividend Tax		244.73	55.10
Minority interest		112.23	(61.40)
Balance carried to Balance Sheet		<u></u>	3,457.36
0 1 1 1	Refer Note Point No.		
- Basic	11	13.24	6.30
- Diluted	11	13.10	6.22
NOTES ON ACCOUNTS	14		

As per our report of even date

For M/s MANOHAR CHOWDHRY & ASSOCIATES

Chartered Accountants

B.G. RAGHUPATHY	V.R. MAHADEVAN	S. RATHINAM		
Chairman & Managing Director	Whole Time Director	Director-Finance		
SASIKALA RAGHUPATHY	M. GOPALAKRISHNA	S.A. BOHRA		G.R. HARI
Director	Director	Director		Partner
				M.No.206386
S.R. TAGAT	HEINRICH BOHMER	R. RAMESHKUMAR	P.R. EASWAR KUMAR	Chennai
Director	Director	Company Secretary	Chief Financial Officer	12.06.2008



Sch.	Dese	cription	As at 31.03.2008 (Rs in lakhs)	As at 31.03.2007 (Rs in lakhs)
1.	SHA	REHOLDERS' FUNDS		
	(a)	Share Capital		
		Authorised		
		10,00,00,000 (1,50,00,000) Equity Shares of Rs.10/- each	10,000.00	1,500.00
		Issued, Subscribed and Paid up		
		7,20,00,000 (1,08,00,000) Equity Shares of Rs.10/- each		
		Of the above, 6,46,50,000 (1,06,50,000) Equity		
		Shares of Rs.10/- each were allotted as fully paid up		
		bonus shares by capitalisation of profits.	7,200.00	1,080.00
	(b)	Reserves and Surplus		
		i. Securities Premium	31,252.36	-
		ii. General Reserve	1,858.21	3,754.04
		iii. Balance in Profit & Loss A/c	7,064.13	3,457.36
			40,174.70	7,211.40
2.	LOA	IN FUNDS		
	(a)	Secured Loans		
	i.	Working Capital Loan from Banks	48,042.53	22,403.30
	ii.	Fixed assets Loans	1,489.73	871.20
	iii.	From ICICI Bank	22.24	66.68
	iv.	Term Loan from Bank	365.74	706.12
			49,920.24	24,047.30
	(b)	Unsecured Loans		
	i.	IFST	347.05	456.80
	ii.	Others	2.86	137.50
			349.91	594.30

(Rs.in Lakhs)



SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2008 AND THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008

3. FIXED ASSETS

		GROSS BLOCK	OCK			DEPRE	DEPRECIATION		IMPAII	IMPAIRMENT LOSS	NET BLOCK	OCK.
Particulars	As at	₹	Deletions	As at	Upto	Additions	Deletions	Upto	Upto	Upto		as at
	01.04.2007	during the period	during the period	31.03.2008	01.04.2007	During the period	During the period	31.03.2008	31.03.2008	31.03.2008 31.03.2007	31.03.2008 31.03.2007	31.03.2007
Tangible Assets												
Land	127.91	1	21.90	106.01	1	1	1	1	1	1	106.01	127.91
Buildings	657.13	42.61	33.49	666.25	197.95	21.94	19.51	200.38	1	1	465.87	459.18
Plant & Machinery	3,589.51	1601.35	833.25	4,357.61	1,264.54	318.46	383.35	1,199.65	1	82.07	3,157.96	2,242.90
Furniture & Fixtures	127.54	45.23	95.30	77.47	86.00	3.56	77.64	11.92	ı	9.43	65.55	32.11
Office Fixtures	215.50	24.44	89.09	150.85	110.78	25.83	89.09	47.52	1	1	103.33	104.72
Office Equipments	564.60	225.42	235.96	554.06	221.50	57.54	154.29	124.75	9.56	12.43	419.75	330.67
Electrical Installations	162.36	36.01	17.31	181.06	73.48	8.24	8.32	73.40	1	1	107.66	88.88
Vehicles	613.50	135.92	48.38	701.04	159.15	58.96	15.29	202.82	1	1	498.22	454.35
Intangible Assets *												
Technical Know-How	144.82	1	'	144.82	144.82	1	•	144.82	1	1	,	1
Intangible Assets	129.23	267.98	1	397.21	129.55	49.36	129.55	49.36	1	1	347.85	-0.31
TOTAL	6,332.10	2378.96	1,374.68	7,336.38	2,387.77	543.89	877.04	2,054.62	9:26	103.93	5,272.20	3,840.40
Schmitz						0.41						

^{*} Both the assets are other than internally generated.



Sch. No.	De	scription	As at 31.03.2008	As at 31.03.2007
	15.0	VECTALEAUTC	(Rs in lakhs)	(Rs in lakhs)
4.		VESTMENTS		
		aded Quoted (at cost):	40 =4	10.71
	i)	Indian Bank 13,970 Equity Shares of Rs. 91 per share (Market Value Rs.162.90 per share as on 31.03.2008)	12.71	12.71
	ii)	SBI Mutual Fund-Magnum Multi Cap 50,000 units of Rs.10 each (NAV Rs.12.61 per unit as on 31.03.2008)	5.00	5.00
	iii)	SBI Mutual Fund-Infrastructure Bond 2,50,000 units of Rs.10 each (NAV Rs.10.73 per unit as on 31.03.2008)	25.00	-
	iv)	Other Mutual Funds HDFC FMP 90 D-JAN 08-W-DP 7,44,21,187.51 units of Rs.10 each (NAV Rs.10.10 per unit as on 31.03.2008)	7442.12	-
		UTI FMP - QFMP (02/08-i) INSTIT - D 7,64,52,262.48 units of Rs.10 each (NAV Rs.10.01 per unit as on 31.03.2008)	7645.23	-
	No	n Trade Unquoted (at cost) :		
	a)	Investment in Other Companies:		
		i) GEA Cooling Tower Technologies (India) Private Limited 10,000 Equity Shares of Rs. 10 each, fully paid up (10,000 Equity Shares of Rs. 10 each, fully paid up)	0.20	0.20
		ii) Cuddalore Powergen Corporation Limited 10090 Shares of Rs. 100 each,fully paid up (10090 Shares of Rs. 100 each,fully paid up)	10.09	10.09
			15,140.35	28.00
5.	CL	IRRENT ASSETS, LOANS AND ADVANCES		
	a)	Inventories		
		(i) Raw Material, Consumables, Bought outs and Components	1,258.02	2,150.10
		(ii) Loose Tools & Spares	18.52	19.80
		(iii) Work-in-Progress	220.40	783.20
	1.			<u>2,953.10</u>
	b)	Sundry Debtors		
		(Unsecured and Considered good)	0.006.00	2.405.00
		Over six Months	2,396.92	2,185.80
		Others	71,205.86	34,694.20
			73,602.78	36,880.00



Sch. No.	Description	As at 31.03.2008 (Rs in lakhs)	As at 31.03.2007 (Rs in lakhs)
	c) Cash and Bank Balances		
	i. Cash Balance	37.98	30.90
	ii. Bank Balances with Scheduled Banks		
	- Current Account	3,850.11	739.30
	- Deposit Account	26,814.87	8,520.00
		30,702.96	9,290.20
	(d) Other Current Assets		
	Interest accrued on deposits	671.18	212.60
	Share capital Advance	191.02	191.00
		862.20	403.60
	(e) Loans and Advances		
	(Unsecured and considered good)		
	(i) Advances recoverable in cash or	05 507 00	0.222.60
	in kind or for value to be received	25,537.22	8,333.60
	(ii) Deposits	1,090.18	461.30
6.	CURRENT LIABILITIES AND PROVISIONS	26,627.40	<u>8,794.90</u>
0.	(a) Current Liabilities		
	Sundry Creditors	30,646.55	8,087.30
	Advances from customers	14,170.19	17,458.10
	Other Liabilities	3,551.43	1,094.20
	Interest accrued but not due	12.87	55.80
	merest decrued but not due	48,381.04	26,695.40
	(b) Provisions	-10,301.01	20,033.10
	Income tax	2,338.32	2,376.90
	Corporate dividend tax	244.73	55.10
	Proposed dividend	1,440.00	324.00
	p	4,023.05	2,756.00



Sch. No.	Description	For the year ended 31.03.2008 (12 Months) (Rs in lakhs)	For the period ended 31.03.2007 (18 Months) (Rs in lakhs)
7.	SALES & SERVICES	, ,	,
	Sale of Manufactured Goods	18,141.22	18,528.28
	Less: Excise Duty	534.15	1,013.78
	Net Sale of Manufactured Goods	17,607.07	17,514.50
	Contracting Income	133,642.07	54,789.08
	Trading of Spares and Commodities	40.60	5,604.10
	Erection & Service Income	763.61	772.62
		<u>152,053.35</u>	78,680.30
8.	OTHER INCOME		
	Dividend from Investments - Trade	321.73	
	Dividend from Investments - Non Trade	1.00	2.20
	Prior Period Item	-	23.89
	Profit on Sale of Investment Profit on Sale of Business Unit	32.72	
	Profit on Sale of Fixed Assets	42.60 53.16	
	Others	67.96	3.86
	Others	519.17	29.95
9.	COST OF MATERIALS		
9.	Opening inventory	2,168.50	1,465.50
	(Raw materials, consumables Bought Outs and components)	2,100.30	1,403.30
	Add: Purchases	109,600.89	56,692.20
		111,769.39	58,157.70
	Less: Closing Inventory	1,258.02	2,168.50
	(Raw materials, consumables Bought Outs and components)	·	
		110,511.37	55,989.20
10.	COST OF MANUFACTURING		
	Part Processing Charges	14,074.23	5,472.67
	Power & Fuel	144.14	93.57
		14,218.37	5,566.24
11.	OTHER DIRECT COST		
	Sales and Agency Commission	689.54	169.84
	Insurance	267.69	176.01
	Bank Charges	856.36	675.18
	Packing & Forwarding	272.27	535.56
	Royalty	_	38.80
		2,085.86	1,595.39



Sch. No.	Description			For the year ended 31.03.2008 (12 months) (Rs in lakhs)	For the period ended 31.03.2007 (18 months) (Rs in lakhs)
12.	Rent Repairs to Building Repairs to Machinery Repairs & Maintenance Salaries and Allowances Bonus Contribution to P.F., E.S.I., & Gratuity Workmen & Staff Welfare Expenses Insurance Rates and Taxes Electricity charges Administration Expenses Auditor's Remuneration For Audit For Taxation Matters For Certification Bank Charges Bad Debts Written Off Conveyance and Vehicle Running Expenses Selling Expenses Loose Tools Written Off Miscellaneous Expenditure Written Off Loss on sale of Assets Professional charges Foreign Exchange Variation Sitting Fees Security charges Telephone, Telex, Fax, Courier & Postage Travelling Expenses - Overseas	07-08 21.24 4.49 6.38	05-07 14.48 3.37 0.32	587.36 10.76 16.34 211.44 3,766.78 12.90 366.71 358.20 55.48 103.33 47.92 855.89 32.11 778.49 215.07 218.68 259.38 6.79 - 459.63 305.05 3.96 61.31 123.23 397.50 161.46 9,415.77	445.44 32.95 30.06 166.11 2,713.27 8.90 229.51 326.95 70.11 61.87 111.39 587.38 18.17 290.60 165.43 315.60 244.01 8.97 (20.07) 5.03 343.44 4.79 0.08 104.28 119.22 410.03 212.58 7,006.10
13.	INTEREST Interest on Bank Credit Interest on Term Loan Interest others			2,420.28 90.92 31.34 2,542.54	1,556.51 109.66 130.59 1,796.76

As per our report of even date

For M/s MANOHAR CHOWDHRY & ASSOCIATES

Chartered Accountants

B.G. RAGHUPATHY	V.R.MAHADEVAN	S. RATHINAM		
Chairman & Managing Director	Whole Time Director	Director-Finance		
CACHALA DACHUDATUV	AA CODALAKDISHNA	C.A. DOLLDA		C D HADI
SASIKALA RAGHUPATHY	M. GOPALAKRISHNA	S.A. BOHRA		G.R. HARI
Director	Director	Director		Partner
				M.No.206386
S.R. TAGAT	HEINRICH BOHMER	R. RAMESHKUMAR	P.R. EASWAR KUMAR	Chennai
Director	Director	Company Secretary	Chief Financial Officer	12.06.2008



14. ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

a. Accounting Conventions

The consolidated Financial Statements of the Group has been prepared in accordance with Accounting Standard 21 on "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India (ICAI). The Consolidated Financial Statements are prepared under historical cost convention and following the accrual method of accounting in accordance with the mandatory applicable accounting standards.

b. Principles of Consolidation: The basis of preparation of the Consolidated Financial Statements is as follows:

The financial Statements (The Balance sheet, the Profit and Loss account and the 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 balances transactions and the resulting unrealized profit or losses.

The differential with respect to the cost of investments in the subsidiaries over the Company's portion of equity is recognized as Goodwill or Capital Reserve, as the case may be.

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 in line with AS - 27 - Financial reporting of interests in Joint ventures

The differential with respect to the cost of investments in the associate entity over the Company's share of its net assets of the is identified and disclosed as Goodwill or Capital Reserve, as the case may be in line with AS -23 – Accounting for investment in Associates in Consolidated financial statements.

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

The list of enterprises, which are included in this Consolidate Financial Statements along with Nature of relationship, Company's holding therein, is as under:

No.	Name of the company	Nature of relationship	Last reporting date of the enterprise as incorporated in Consolidate Financial Statements	Voting Power/ share of interest % as at March 31, 2008
1.	Progen Systems and Technologies Limited	Indian Subsidiary Company	March 31,2008	69.67%
2.	Schmitz Reinigungskuugeln GmbH, Germany (Refer note no 5)	Foreign Subsidiary Company	June 30, 2007	-
3.	Mecon- Gea EnergySystem (India) Limited (JV)	Indian Joint Controlled Entity	March 31, 2008	10%
4.	Cuddalore Powergen Corporation Limited	Indian Associate	March 31, 2008	40.99%

c. Use of Estimates

The preparation of financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on



the date of financial statements and the reported amount of revenues and expenses during the reporting year. Differences between the actual results and the estimates are recognized in the year in which the results are known / materialized.

d. Fixed Assets

Fixed assets are assets held with the intention of being used for purpose of producing or providing goods and services and is 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 the 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 the production or supply of goods or services, for rental to others, or for administrative purposes. The intangible assets are separately acquired and are capable of being measured reliably. The cost of intangible asset 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 & Amortization

Fixed assets are depreciated as per straight line method on all assets in accordance with the rates prescribed under Schedule XIV of Companies Act, 1956. Intangible assts are amortized over a period of 5 years.

f. Investments

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

g. Earning per share (EPS)

The earnings considered in ascertaining the company's Basic EPS is the attributable net profit or loss to the equity shareholder's as per AS-20 "Earnings Per Share" issued by ICAI. The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the period. The 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

- i) Sales are accounted on basis of dispatches.
- ii) Sales include equipment billed but dispatch of which is withheld at the request of the customer.
- iii) In respect of Construction contracts, executed over a period of more than one financial year, the company recognizes revenue on the basis of percentage of completion method as per AS-7 (Revised) "Construction Contracts" issued by ICAI.
- iv) Construction contracts revenue is based on the ratio of cost incurred to date to total estimated cost and physical work done as estimated by the technical staff.

i. Inventories

- i) Raw materials, work in progress, consumables, stores and spares have been valued at cost, ascertained on weighted average basis. Work in progress value includes all direct costs and applicable production overheads to bring the goods to the present location and condition.
- ii) Inventory includes Loose Tools & Spares. One-fifth of the value of loose tools and spares at the end of the year is written-off to the profit and loss account. Loose tools acquired during the year and the actual cost of which is less than Rs.5,000/- has been fully written-off.

j. Foreign currency Transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of acquisition. Monetary items are translated at the rates prevailing on reporting dates. The exchange difference between



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.

k. Cash Flows

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 cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the company are segregated.

I. Income taxes

Tax expense comprises of current tax, deferred tax and fringe benefit tax. Current tax is measured at the amount expected to be paid to / recovered from the tax authorities using the applicable tax rates. 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 relevant enacted tax rates. Fringe benefits taxes are recognized in accordance with the relevant provisions of the Income tax act, 1961 and the guidance note on Fringe Benefits Tax issued by ICAI. Tax on distributable profits payable by the company in accordance with the provisions of Income tax act, 1961 is disclosed in accordance with the guidance note on Accounting for Corporate Dividend Tax issued by ICAI.

m. Impairment of Assets

At every balance sheet date, the company determines whether the provisions should be made for the impairment loss on fixed 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" issued by ICAI. For the purpose of impairment, assets are grouped as, for which there are separately identifiable cash flows (cash generating units).

n. Employee Benefits

- (i) Short term employee benefits are recognized as an expense at the undiscounted amount in the profit & loss account for the year in which related services are rendered.
- (ii) Defined Contribution plan:
 - Companies contributions/payable during the year towards Provident Fund, ESI and pension fund are recognized in the profit & loss account
- (iii) Defined Benefit Plan:

Company's liability towards gratuity in accordance with Payments of Gratuity Act, 1972 is determined by actuarial valuation as on 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 to employee.

o. Leases

Finance Leases, which effectively 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 rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalized.

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



Leases where the lesser effectively retains substantially all the risks and rewards of ownership of the leased term, are classified as operating leases.

Operating lease payments are recognized as an expense in the Profit and loss account on a straight line basis over the lease term.

p. Provisions

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.

q. Contingent Liabilities

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

- 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.

B. NOTES TO ACCOUNTS

- All the figures given here below are Rupees in Lakhs, unless stated specifically otherwise.
- 2. The consolidated financial statements present the consolidated accounts of the company, which consists of the accounts of the company and its subsidiaries, joint ventures and associates, indicated below

Subsidiary Companies

SI. No.	Name of the Company	Country of Incorporation	Extent of Holding (%) as on March 31, 2008	Goodwill or (Capital Reserve) on account of Consolidation
1.	Progen Systems and Technologies Limited	India	69.67%	58.70
2.	Schmitz Reinigungskugeln GmbH, (Refer note no 5)	Germany'	-	-

Joint Ventures

SI. No	Name of the Company	Country of Incorporation	Extent of Holding (%) as on March	Goodwill or (Capital Reserve) on account
			31, 2008	of Consolidation
1.	Mecon - Gea Energy System (India) Limited (JV)	India	10% & 30% on two different construction projects	Nil



Associates

SI. No.	Name of the Company	Country of Incorporation	Extent of Interest (%) as on March 31, 2008	Goodwill or (Capital Reserve) on account of Consolidation
1.	Cuddalore Powergen Corporation Limited	India	40.99%	0.08

3. Secured Loans

- Term Loan of Rs. 387.98 lakhs from Corporation Bank (Rs.772.80 Lakhs) is secured by a first charge on fixed assets of the Company. The term loans are further guaranteed by the Managing Director of the Company.
- b) The company has availed Working Capital loan on *pari-passu* basis from State Bank of India, State Bank of Hyderabad and Indian Overseas Bank. These loans are secured by hypothecation of inventories, book debts and movable current assets of the product divisions of the company and its subsidiary. These loans are further secured by personal guarantees of two Directors of the company, including the Managing Director of the company. The loan from State Bank of India and State Bank of Hyderabad is 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, UCO Bank, State Bank of Indore, State Bank of Mysore, IDBI Bank, Punjab National Bank, Indian Bank and Corporation Bank. These loans are secured by hypothecation of inventories, book debts and movable current assets of the respective contracts. The participating banks share the security on pari-passu basis. These loans are further secured by personal guarantees of two Directors, including the Managing Director of the company.
- d) Secured Loans includes Rs.1,489.73 lakhs (Rs.871.18 lakhs) for which the respective fixed assets acquired under Loan are held as security.

4. CONTINGENT LIABILITIES, GUARANTEES & CAPITAL COMMITMENTS

	As at 31.03.2008	As at 31.03.2007
CONTINGENT LIABILITIES		
i) Bills Discounted (Backed by LC)	7,916.06	1,488.81
ii) Claims against the company not acknowledged as debt		
a) On account of Sales Tax	169.58	89.39
b) On account of Income Tax	0.39	23.15
GUARANTEES		
iii) Guarantees and Counter Guarantees given on behalf of Subsidiary and Group companies	1,222.85	1,220.18
CAPITAL COMMITMENTS		
iv) Estimated amount of contracts remaining to be executed on capital account	42.95	86.65

5. Sale of Subsidiary Company

Schmitz Reinigungskugeln GmbH, a wholly owned overseas subsidiary in Germany ceased to be a subsidiary company pursuant to the execution of the Share Transfer Agreement dated 01.08.2007 between the company and Schmitz India Private Limited for a consideration of Rs.60 lakhs.



6. Securities Premium

During the year, the Holding company received Rs.329.76 Crores towards Securities Premium by way of public issue and private placement of 72,00,000 Equity Shares.

Details	Rs. in Crores
Total Securities Premium Received	329.76
Less: Issue Expenses (As per Sec.78 of the Companies Act, 1956)	17.24
Net Premium	312.52

7. Utilization of IPO Funds

The Holding company has raised Rs.19,012 Lakhs from IPO (Net of Issue Expenses). Pending utilization of these funds for the objects of the issue the company has invested the funds in mutual funds (Rs.15,087.35 Lakhs) and fixed deposits with Banks (Rs.3,924.65 Lakhs)

8. EMPLOYEE BENEFITS

As per Accounting Standard 15 "Employee Benefits", the disclosures of Employee benefits as defined in the Accounting Standard are given below:

Defined Contribution Plan

Contribution to Defined Contribution Plan, recognised as expense for the year are as under:

Employer's Contribution to Provident Fund	105.59
Employer's Contribution to Pension Scheme	40.71

Defined Benefit Plan

The liability for gratuity is funded through a scheme administered by an insurer and provision is made based on acutarial valuation carried out as at Balance Sheet date.

I. Reconciliation of opening and closing balances of Defined Benefit Obligation

	Gratuity (Funded) 2007-08
Defined Benefit obligation at beginning of the year	93.88
Current service cost	21.18
Interest cost	7.51
Actuarial (gain)/loss	132.91
Settlement cost	Nil
Curtailment cost	Nil
Benefits paid	(7.47)
Defined Benefit obligation at year end	248.02



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

	Gratuity (Funded) 2007-08
Fair value of plan assets at beginning of the year	88.98
Expected return on plan assets	6.70
Actuarial (gain)/loss	(1.58)
Employer contribution	(2.99)
Benefits paid	(7.47)
Fair value of plan assets at the year end	83.64
Actual return on plan asset	5.12

III. Reconciliation of Fair value of assets and obligations

	Gratuity (Funded) 2007-08
Fair value of plan assets	83.64
Present value of obligation	248.02
Amount recoginised in balance sheet	164.38

IV. Expense recognised during the year

	Gratuity (Funded) 2007-08
Current service cost	21.18
Interest cost	7.51
Expected return on plan assets	(6.70)
Actuarial (gain) / loss	134.49
Net Cost	156.49

V. Actuarial assumptions

	Gratuity (Funded) 2007-08
Mortality Table (LIC)	(ultimate) 94-96
Discount rate (per annum)	8%
Expected rate of return on plan assets (per annum)	8%
Rate of escalation in salary (per annum)	5 %

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors. The above information is certified by the actuary.



9. SEGMENTAL REPORTING

Information about Business Segments (information provided in respect of revenue items for the 12 months period ended 31.03.2008 and in respect of assets / liabilities as at 31.03.2008) are furnished below:

		For the year ended 31.03.2008		For the period ended 31.03.2007 (18 Months)			
Par	ticulars	Capital Goods Segment	Construction and EPC Contracts Segment	Others	Capital Goods Segment	Construction and EPC Contracts Segment	Others
a) b)	Revenue Result	22,236.93 3,687.96	1,29,882.10 9,207.01	-	21,198.14 1,405.66	55,602.29 4,717.92	-
c)	Assets	16809.93	54,175.50	31,796.06	9760.10	24,127.61	633.02
d)	Liabilities	16809.93	54,175.50	31,796.06	9760.10	24,127.61	633.02
e)	Capital Assets acquired during the year	664.65	1,843.54	-	504.72	948.82	-
f)	Depreciation	234.56	318.89	-	403.69	378.24	-

10. PARTICULARS OF RELATED PARTIES

List of Related Parties

a) Other Companies

- i. Pragati Computers Ltd
- ii. Sasikala Estate Pvt Ltd
- iii. Schmitz India Private Limited
- iv. GEABGR Energy System India Ltd

b) Key Management Personnel:

i. Managing Director: Mr. B.G.Raghupathy

ii. Director (Finance): Mr. S.Rathinam

iii. Director: Mr. V.R. Mahadevan

c) Relations of Key Management Personnel

i. Swarnamugi Raghupathy

ii. Priyadarshini Raghupathy



Related party transactions

	Key Managerial Personnel (KMP)	Relatives of KMP	Other Companies	For the year ended 31.03.08	For the period ended 31.03.2007 (18 months)
Sales	-	-	6.63	6.63	-
Purchases	-	-	179.54	179.54	333.13
Remuneration	741.07	3.45	33.09	744.52	
Others	-	-	-	33.09	4.70
Total	741.07	3.45	219.26	963.78	380.05

11. EARNING PER SHARE

Particulars		For the Year	For the 18
		ended	months
		31.03.2008	period
			31.03.2007
Basic EPS			
Profit after tax as per accounts	Α	8846.34	4081.42
Weighted Average Number of shares			
subscribed (Nos.)	В	668.07	648.00
Basic EPS (Rs.)	A / B	13.24	6.30
Diluted EPS			
Profit for the year for Basic EPS	Α	8846.34	4081.42
Less: Adjustment	С	Nil	Nil
Adjusted Profit for Diluted EPS	D = A - C	8846.34	4081.42
Weighted average number of Equity shares			
for Basic EPS (Nos.)	Е	668.07	648.00
Add: Adjustment			
a. Employee Stock Option Payment	F	7.05	7.05
b. Share Application Advance	G	0.00	0.90
Weighted average number of Equity shares			
for Diluted EPS (Nos.)	H = E + F + G	675.05	655.95
Diluted EPS (Rs.)	I = D / H	13.10	6.22

12. IMPAIRMENT OF ASSETS

a. Cash Generating Units:

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

b. Other Assets:

The company has made a provision of Rs. 9.56 lakhs (Rs. 103.93 lakhs) in the books of accounts towards impairment of other fixed assets based on the technical valuation.



13. PROVISIONS

The holding company has made a provision of Rs.288.70 Lakhs (Rs.98.24 Lakhs) towards warranty obligations on the products supplied \ contracts executed by the company.

Movement in Provisions

(Rs. In lakhs)

Particulars	Provision for
	Warranty
Balance as on 01.04.2007	98.24
Add : Additional provision during the year	195.70
Less: a) Provision used during the year	2.48
b) Provision reversed during the year	2.76
Balance as at 31.03.2008	288.70

- a. The holding company provides warranties on its products, contracts and services, undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period.
- b. Disclosure in respect of Contingent liabilities is given as note no. 4 as a part of Balance Sheet.
- **14.** Previous year figures have been regrouped wherever necessary for comparative purposes and shown along side or in brackets.
- 15. The previous accounting period relates to 18 months period ended 31.03.2007

			As per	our report of even date
			For M/s MANOHAR CHO	WDHRY & ASSOCIATES
				Chartered Accountants
B.G. RAGHUPATHY	V.R.MAHADEVAN	S. RATHINAM		
Chairman & Managing Director	Whole Time Director	Director-Finance		
SASIKALA RAGHUPATHY	M. GOPALAKRISHNA	S.A. BOHRA		G.R. HARI
Director	Director	Director		Partner
				M.No.206386
S.R. TAGAT	HEINRICH BOHMER	R. RAMESHKUMAR	P.R. EASWAR KUMAR	Chennai
Director	Director	Company Secretary	Chief Financial Officer	12.06.2008



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2008

			31.03 (12 m	rear ended 3.2008 nonths) 1 lakhs)	31.03 (18 n	eriod ended 3.2007 nonths) lakhs)
A	CASH FLOW FROM OPERATING ACTIVITIES NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS ADJUSTMENTS FOR:			12,956.81		6,186.70
	DEPRECIATION & AMORTIZATION DIVIDEND FROM INVESTMENTS - TRADE		553.86 (321.73)		867.60	
	DIVIDEND FROM INVESTMENTS - NON TRADE		(1.00)		(2.20)	
	(PROFIT) / LOSS ON SALE OF FIXED ASSETS (PROFIT) / LOSS ON SALE OF BUSINESS DIVISION		(53.16) (42.60)		5.00	
	(PROFIT) / LOSS ON SALE OF INVESTMENTS		(2.31)			
	(PROFIT) / LOSS ON FOREIGN CURRENCY TRANSLATION INTEREST EXPENSE		305.05 2,542.54	2,980.65	4.20 1,796.80	2,671.40
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES ADJUSTMENTS FOR			15,937.46		8,858.10
	(INCREASE) / DECREASE IN SUNDRY DEBTORS		(36,722.78)		(25,067.10)	
	(INCREASE) / DECREASE IN INVENTORIES (INCREASE) / DECREASE IN OTHER CURRENT ASSETS		1,456.16 (458.61)		(1,060.20) (147.70)	
	(INCREASE) / DECREASE IN LOANS AND ADVANCES		(18,066.62)		(6,066.60)	
	INCREASE / (DECREASE) IN TRADE PAYABLES		21,533.90	(32,257.96)	19,605.60	(12,736.01)
	CASH GENERATED FROM OPERATIONS			(16,320.50)		(3,877.91)
	TAXES PAID NET CASH FLOW FROM OPERATING ACTIVITIES	(A)		(643.76)		(747.10) (4,625.01)
В	CASH FLOW FROM INVESTING ACTIVITIES :					
	PURCHASE OF FIXED ASSETS SALE OF FIXED ASSETS		(2,378.96) 617.12		(1,435.00)	
	PURCHASE OF INVESTMENTS		(15,170.04)		(17.70)	
	SALE OF INVESTMENTS (PROFIT) / LOSS ON SALE OF INVESTMENTS		57.69 2.31			
	DECREASE / INCREASE IN CAPITAL WORK-IN-PROGRESS		192.17		(246.60)	
	DIVIDEND FROM INVESTMENTS - TRADE DIVIDEND FROM INVESTMENTS - NON TRADE		321.73 1.00		2.20	
	(PROFIT) / LOSS ON SALE OF BUSINESS DIVISION		42.60		2.20	
С	NET CASH FLOW FROM INVESTING ACTIVITIES CASH FLOW FROM FINANCING ACTIVITIES	(B)		(16,314.39)		(1,697.10)
C	PROCEEDS FROM ISSUE OF SHARE CAPITAL		31,972.36			
	REPAYMENT OF SHARE APPLICATION ADVANCE SECURED LOANS (REPAID) / AVAILED		233.71		(9.00) (18.80)	
	UNSECURED LOANS (REPAID) / AVAILED		(244.39)		(256.50)	
	PAYMENT OF DIVIDEND SECURED WORKING CAPITAL LOANS (REPAID) / AVAILED		(324.00) 25,639.23		(216.00) 16,026.70	
	INTEREST EXPENSE		(2,585.51)		(1,764.40)	
	NET CASH FLOW FROM FINANCING ACTIVITIES NET INCREASE IN CASH AND CASH EQUIVALENTS	(C) (A+B+C)		54,691.40 21,412.76		<u>13,762.00</u> 7,439.90
	CASH AND CASH EQUIVALENTS AS AT 01.04.2007 (OP. BAL)	(TIDIC)		9,290.20		1,850.30
	CASH AND CASH EQUIVALENTS AS AT 31.03.2008 (CL. BAL)			30,702.96		9,290.20

For M/s MANOHAR CHOWDHRY & ASSOCIATES

Chartered Accountants

B.G. RAGHUPATHY V.R.MAHADEVAN S. RATHINAM Chairman & Managing Director Whole Time Director Director-Finance G.R. HARI SASIKALA RAGHUPATHY M. GOPALAKRISHNA S.A. BOHRA Director Director Director Partner M.No.206386 S.R. TAGAT HEINRICH BOHMER R. RAMESHKUMAR P.R. EASWAR KUMAR Chennai Director Director Company Secretary Chief Financial Officer 12.06.2008



DIRECTORS' REPORT

To the Members of

PROGEN SYSTEMS AND TECHNOLOGIES LIMITED

Your Directors have pleasure in presenting their Thirteenth Annual Report together with the audited financial statements for the year ended March 31, 2008.

FINANCIAL RESULTS

The financial statements for the year ended March 31, 2008 show improved operating and financial performance by your company. During the year under review, your company's income was Rs.1681.82 Lakhs and net profit of Rs.370.24 Lakhs. The summary of financial results are given below:

Particulars	Year ended	Period ended
	31.3.2008	31.3.2007
	(12 months)	(18 months)
	(Rs. in Lakhs)	(Rs. in Lakhs)
Income	1681.82	1290.44
Expenditure	1210.53	1099.64
Interest	19.78	53.01
Depreciation	51.15	73.25
Profit after tax	370.24	73.65

RESULTS OF OPERATIONS AND BUSINESS REVIEW

During the year under review, the total income of your company rose to Rs.1681.82 Lakhs accounting for a growth of 30% over the previous financial year. It is heartening to note that profit after tax has jumped 4 times over the previous financial year. Your Company successfully executed contracts for L & T, Punj Lloyd, IGCAR, Thermal Systems, Toya Engineering, Zuari Industries, CPCL, Daewoo Engineering and UOP India. These references are expected to open up newer market opportunities to your company. During the year, your company has received export order from Doosan Babcock, USA for supply of Air heater modules for a value of Rs. 518.50 Lakhs.

BUSINESS FOR THE FUTURE YEARS

India is amongst the world's fast growing economies. The annual power and energy consumption shows steady increase over the years in the past and is expected to warrant huge capacity addition in the years to come. The creditable references in Power and Oil & Gas sector built over the years coupled with the continued uptrend in Power and Oil & Gas industries will augur well for your company's plan to step up

sales and profitability. During the current year, your company has initiated steps to expand its production capacities. This would help your company to bid for large orders in India and abroad. With the active support of your holding company, your company is confident of further improving its turnover and profits during the year.

STATUTORY INFORMATION

During the period under review, your company earned nil foreign exchange and foreign exchange outgo during the year was Rs.36.09 Lakhs. There were no particulars to be disclosed under section 217(2A) of the Companies Act, 1956. The range of manufacturing activities of your company are not energy intensive and hence disclosure of information relating to conservation of energy is not applicable to your company.

BOARD OF DIRECTORS

Mr.S. Rathinam, retires by rotation at the ensuing annual general meeting in accordance with provisions of the Companies Act, 1956 and he, being eligible, offers himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 with respect to directors' responsibility statement, it is hereby confirmed that:

- a) In the preparation of the annual accounts for the year ended March 31, 2008 the applicable accounting standards have been followed;
- b) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2008 and of the profit of the company for the year ended March 31, 2008;
- 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, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) The directors have prepared the annual accounts for the financial year ended March 31, 2008 on a going concern basis.

PROGEN SYSTEMS AND TECHNOLOGIES LIMITED

AUDIT COMMITTEE

Pursuant to Section 292A of the Companies Act, 1956 the Board constituted the Audit Committee. The details of the members of the audit committee and their brief professional background are given below:

Mr. V. K. Gupta, is a practising Chartered Accountant and renders expert advisory services to corporates and involved in corporate turnaround strategies.

Mr. S. Rathinam, is a Chartered Accountant and he brings with him 30 years of rich and varied knowledge and expertise in accounts, finance, audit, taxation and business management.

Mr. B. G. Raghupathy, is a renowned industrialist and he brings with him more than three decades of rich and varied knowledge and expertise in business.

AUDITORS

The company's statutory auditors M/s. C N G S N & Associates, Chartered Accountants retire at the conclusion of

the forthcoming annual general meeting and are eligible for re-appointment. The Board recommend their reappointment as statutory auditors.

ACKNOWLEDGEMENT

Your Directors place on record their appreciation for the contribution made by the employees at various levels which enabled your company to achieve all time high performance during the year under review. Your directors place on record their appreciation for the support and confidence reposed by the valued customers and look forward to the continuance of this mutually beneficial relationship in future. Your directors gratefully acknowledge the financial assistance extended by Indian Overseas Bank.

For and on behalf of the Board

Place : Chennai Date : June 12, 2008 B. G. RAGHUPATHY
Chairman



AUDITORS' REPORT

To the Members of

Progen Systems and Technologies Limited

Chennai - 600 018

- We have audited the attached Balance Sheet of PROGEN SYSTEMS AND TECHNOLOGIES LIMITED as at 31st March, 2008, the Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3. As required by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4. Further to our comments in the Annexure referred to in paragraph above, we report that: -
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of audit.
 - (ii) In our opinion, proper books of accounts as required by Law have been kept by the Company so far as it appears from our examination of such books.

- (iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statements dealt with by this report are in agreement with the books of account.
- (iv) In our opinion, the Balance Sheet, Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
- (v) On the basis of the written representations received from the Directors, as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2008 from being appointed as a Director in terms of Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

In our opinion and to the best of our information and according to the explanation given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India,

- i. in the case of the balance sheet, of the State of Affairs of the Company as at 31st March, 2008;
- ii. in the case of the Profit & Loss Account, of the profit of the Company for the year ended on that date; and
- iii. in the case of the Cash Flow Statement, of the Cash Flows of the company for the year ended on that date.

For CNGSN & ASSOCIATES CHARTERED ACCOUNTANTS

B. RAMAKRISHNAN Partner

Date : June 12, 2008 Membership No: 201023

Place: Chennai



ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date

- (i) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) The fixed assets have been physically verified by the management during the year. No material discrepancies were noticed on such verification.
 - (c) Substantial part of fixed assets have not been disposed off during the year
- (ii) (a) The inventory has been physically verified during the year by the management.
 - In our opinion, the frequency of verification is reasonable.
 - (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The company has not granted loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956.
 - (b) The payment of interest is not applicable.
 - (c) The overdue amount of loans is not applicable.
 - (d) The company has taken loan from its holding company amounting to Rs.329.51, during the year and the year-end balance is Rs.574.12 Lakhs. The maximum amount involved during the year is Rs. 949.61 Lakhs.
 - (e) As explained to us that the above loan is repayable on demand and there are no interest on such loan.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of fixed assets and for the sale of goods and services.

There is no continuing failure to correct major weaknesses in internal control system.

- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits during the year as defined under section 58A of the Companies Act, 1956.
- (vii) In our opinion, the company has an internal audit system to commensurate with the size and nature of its business.
- (viii) As per the information and explanations given to us the maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956.
- (ix) (a) The company is depositing with appropriate authorities with some delay, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
 - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, Customs duty, excise duty and cess were in arrears, as at 31st March, 2008 for a period of more than six months from the date they became payable,
 - (c) According to the information and explanation given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess on account of any dispute.

PROGEN SYSTEMS AND TECHNOLOGIES LIMITED



- (x) The Company has neither accumulated losses, as at 31 March 2008 nor it has incurred cash losses during the financial year ended on that date.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) In our opinion and according to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the company.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments.
 Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the company.
- (xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) In our opinion, there are no term loans obtained during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance

- sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets.
- (xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares during the year.
- (xix) According to the information and explanations given to us, the company has not issued any debentures during the year and creation of security for issue of debentures does not arise.
- (xx) According to the information and explanations given to us, the company has not raised money by public issues during the financial year and the disclosure of end use of money raised by public issues does not arise.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For CNGSN & ASSOCIATES
CHARTERED ACCOUNTANTS

B. RAMAKRISHNAN
Partner

Membership No: 201023

Place : Chennai Date : June 12, 2008



BALANCE SHEET AS AT 31st MARCH, 2008

De	escription	Sch. No.	As a 31.03. (Rs in l	2008	As 31.03. (Rs in l	2007
1	SOURCES OF FUNDS					
	(1) Shareholders' Funds	1				
	(a) Share Capital			610.00		610.00
	(b) Reserves & surplus			264.21		_
	(2) Loan Funds	2				
	(a) Secured Loans			-		96.20
	(b) Unsecured Loans			708.37		917.63
	Total		_	1,582.58		1,623.83
п	APPLICATION OF FUNDS		=			
(1)	Fixed Assets	3				
	(a) Gross Block		1,232.04		1,226.24	
	(b) Less: Depreciation		458.70		407.55	
	(c) Net Block			773.34		818.69
(2)	Current Assets, Loans & Advances	4				
	(a) Inventories		206.83		316.58	
	(b) Sundry Debtors		141.36		89.48	
	(c) Loose Tools & Spares		-		1.20	
	(d) Cash and Bank Balances		133.84		60.74	
	(e) Loans and Advances		111.65		124.44	
	(f) Other Current Assets		3.71		3.07	
			597.39		595.50	
LES	S:					
	Current Liabilities & Provisions	5				
	(a) Liabilities		114.82		252.70	
	(b) Provisions		47.34		7.05	
	Net Current Assests		162.16	435.23	259.75	335.76
(4)	Deferred Tax Asset			374.01		363.34
(5)	Profit and Loss Account		_	-		106.03
	Total			1,582.58		1,623.82
	NOTES ON ACCOUNTS	12				

As per our report of even date for M/s. CNGSN & ASSOCIATES

Chartered Accountants

M. T. SIVA KUMAR Company Secretary **R. SASIKALA** Director

B.G. RAGHUPATHY Chairman

B. RAMAKRISHNAN

Partner M.No.201023



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2008

Description	Sch. No.	year 31.0	For the year ended 31.03.2008 Rs. In Lakhs		the ended 2007 onths) Lakhs
INCOME					
Sales		1,834.44		1,298.93	
Less: Excise Duty	6	67.35	1,767.09	107.53	1,191.40
Other income	7		46.15		4.19
Increase (Decrease) in WIP			(131.42)		94.85
			1,681.82		1,290.44
EXPENDITURE					
Cost of Materials	8		734.04		601.98
Cost of Manufacturing	9		221.03		272.35
Administration, Selling & General Expenses	10		255.46		225.31
Interest	11		19.78		53.01
Depreciation			51.15		73.25
			1,281.46		1,225.90
Profit before tax			400.36		64.54
Less: Provision for Taxation					
Corporate Tax			39.81		_
Deferred tax			(10.67)		(10.47)
Fringe Benefit Tax			0.98		1.36
Profit after tax			370.24		73.65
NOTES ON ACCOUNTS	12				

As per our report of even date for M/s. CNGSN & ASSOCIATES

Chartered Accountants

M. T. SIVA KUMAR Company Secretary R. SASIKALA Director **B.G. RAGHUPATHY** Chairman

B. RAMAKRISHNAN

Partner M.No.201023



			31.0	as at 3.2008 n lakhs)	As 31.03 (Rs in	.2007
1	SH	AREHOLDERS 'FUNDS				
	(a)	SHARE CAPITAL				
		Authorised:				
		7,000,000 (7,000,000)Equity Shares of Rs.10/- each		700.00		700.00
		Issued, Subscribed and Paid up:				
		6,100,070 (6,100,070)Equity Shares of Rs.10/-each				
		(Out of which 4,250,000 (4,250,000) Equity shares				
		of Rs 10/- each held by the holding company				
		viz BGR Energy Systems Limited.,)		610.00		610.00
	(b)	RESERVES AND SURPLUS				
		Balance as per last Balance Sheet	106.03		179.68	
		Less: Profit for the year	370.24	<u>264.21</u>	73.65	106.03
2.	LO	AN FUNDS				
	(a)	Secured Loans				
		Working Capital				
		- Indian Overseas Bank				96.20
	(b)	Unsecured Loans				
		(l) IFST	134.25		149.28	
		(li) Loan from others	574.12	708.37	768.35	917.63



SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH. 2008 AND THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st **MARCH.** 2008

3. FIXED ASSETS

										Ks. In Lakhs
		GROSS BLOCK	BLOCK			DEPRECIATION	NO		NET BLOCK	LOCK
	As at 01.04.2007	Additions	Deletions	As at 31.03.2008	Up to 31.03.2007	For the Period	Deletions	Up to 31.03.2008	WDV as at 31.03.2008	WDV as at 31.03.2007
A. Tangible Asset										
Land	76.32	1	'	76.32	1	'	1	ı	76.32	76.32
Building	438.54	ı	'	438.54	115.91	14.65	•	130.56	307.98	322.63
Plant & Manchinery	550.16	0.80	'	550.96	215.67	26.15	1	241.82	309.14	334.49
Electrical Installtions	101.65	ı	'	101.65	40.00	4.83	•	44.83	56.82	61.65
Computer & Office Equpts	32.37	1.64	1	34.00	18.51	3.03	1	21.54	12.47	13.86
Furniture & Fixtures	7.81	0.05	'	7.86	4.28	0.55	'	4.83	3.03	3.53
Vehicle	19.39	0.03	'	19.42	13.18	1.87	'	15.05	4.37	6.21
B. Intangible Assets										
Software	ı	3.28	1	3.28	1	0.07	1	0.07	3.21	1
Total	1,226.24	5.80	1	1,232.04	407.55	51.15	-	458.70	773.34	818.69
Previous Year	1,167.88	58.36	ı	1,226.24	334.30	73.25	1	407.55	818.69	833.58



		As at 31.03.2008 (Rs in lakhs)	As at 31.03.2007 (Rs in lakhs)
4. CU	IRRENT ASSESTS, LOANS AND ADVANCES		
(a)	Inventories		
	(i) Raw materials	40.36	24.31
	(ii) Consumables	39.13	33.51
	(iii) Work in progress	127.34	258.76
		206.83	316.58
(b)	Sundry Debtors		
	(Unsecured and considered good)		
	Over six months	14.59	35.92
	Others	126.77	53.56
		141.36	89.48
(c)	Loose Tools and Spares	<u>-</u> _	1.20
(d)	Cash and Bank Balances		
	(i) Cash in hand	0.15	0.26
	(ii) Bank Balances:		
	With Scheduled Banks:		
	On Current Account	59.43	1.53
	On Deposit Account	74.26	58.96
		133.84	60.75
(e)	Loans and Advances		
	(unsecured and considered good)		
	(i) Deposits	5.67	6.86
	(ii) Advances recoverable in cash or in kind or for		
	value to be received	38.51	35.20
	(iii) a. Tax deducted at Source	10.81	7.45
	b. Advance tax paid	4.63	-
	c. Fringe Benefit Tax paid	0.89 16.33	7.45
	(iv) Accounts Receivable	51.14	74.93
		111.65	124.44
(f)	Other Current Assets		
	Interest accured on Fixed Deposits	3.71	3.07



		As at 31.03.2008 (Rs in lakhs)	As at 31.03.2007 (Rs in lakhs)
5.	CURRENT LIABILITIES AND PROVISIONS		
	(a) Current Liabilities		
	(i) Sundry Creditors		
	Purchases	21.39	19.01
	Expenses	16.70	21.77
	(ii) Advance from Customers	32.07	200.19
	(iii) Other Liabilities	44.66	11.73
		114.82	252.70
	(b) Provisions		
	(i) Corporate Tax	39.81	-
	(ii) Fringe Benefit Tax	0.98	0.88
	(iii) Provision for Gratuity	6.55	6.17
		47.34	7.05
		For the year ended 31.03.2008 Rs. In Lakhs	For the Period ended 31.03.2007 (18 Months) Rs. In Lakhs
6	SALES	year ended 31.03.2008	Period ended 31.03.2007 (18 Months)
6.	SALES (i) Finned Tubes	year ended 31.03.2008 Rs. In Lakhs	Period ended 31.03.2007 (18 Months) Rs. In Lakhs
6.	(i) Finned Tubes	year ended 31.03.2008 Rs. In Lakhs 197.80	Period ended 31.03.2007 (18 Months) Rs. In Lakhs
6.	(i) Finned Tubes(ii) Process Equipments & HRSG	year ended 31.03.2008 Rs. In Lakhs 197.80 1,566.53	Period ended 31.03.2007 (18 Months) Rs. In Lakhs 305.91 884.96
6.	(i) Finned Tubes	year ended 31.03.2008 Rs. In Lakhs 197.80 1,566.53 2.76	Period ended 31.03.2007 (18 Months) Rs. In Lakhs 305.91 884.96 0.53
6.	(i) Finned Tubes(ii) Process Equipments & HRSG	year ended 31.03.2008 Rs. In Lakhs 197.80 1,566.53	Period ended 31.03.2007 (18 Months) Rs. In Lakhs 305.91 884.96
 7. 	(i) Finned Tubes(ii) Process Equipments & HRSG	year ended 31.03.2008 Rs. In Lakhs 197.80 1,566.53 2.76	Period ended 31.03.2007 (18 Months) Rs. In Lakhs 305.91 884.96 0.53
	(i) Finned Tubes(ii) Process Equipments & HRSG(iii) Others	year ended 31.03.2008 Rs. In Lakhs 197.80 1,566.53 2.76	Period ended 31.03.2007 (18 Months) Rs. In Lakhs 305.91 884.96 0.53
	(i) Finned Tubes(ii) Process Equipments & HRSG(iii) Others OTHER INCOME	year ended 31.03.2008 Rs. In Lakhs 197.80 1,566.53 2.76 1,767.09	Period ended 31.03.2007 (18 Months) Rs. In Lakhs 305.91 884.96 0.53 1,191.40
	 (i) Finned Tubes (ii) Process Equipments & HRSG (iii) Others OTHER INCOME (i) Interest 	year ended 31.03.2008 Rs. In Lakhs 197.80 1,566.53 2.76 1,767.09	Period ended 31.03.2007 (18 Months) Rs. In Lakhs 305.91 884.96 0.53 1,191.40
	 (i) Finned Tubes (ii) Process Equipments & HRSG (iii) Others OTHER INCOME (i) Interest (ii) Exchange Variation 	year ended 31.03.2008 Rs. In Lakhs 197.80 1,566.53 2.76 1,767.09 1.94 5.88	Period ended 31.03.2007 (18 Months) Rs. In Lakhs 305.91 884.96 0.53 1,191.40 3.44 0.13



	year 31.0	or the ended 3.2008 n Lakhs	For t Period (31.03. (18 Mc Rs. In L	ended 2007 onths)
8. COST OF MATERIALS				
Opening Inventory				
Raw Material & Components	24.31		103.76	
Consumables, Stores & Spares	33.51		15.44	
Finished goods		57.82		119.20
Add : Purchases				
Raw Material & Components	720.53		467.70	
Consumables, Stores & Spares	35.18		72.90	
		755.71		540.60
		813.53		659.80
Less: Closing Inventory				
Raw Material & Components	40.36		24.31	
Consumables, Stores & Spares	39.13		33.51	
Finished goods		79.49		57.82
		734.04		601.98
9. COST OF MANUFACTURING				
Testing Charges		13.47		31.16
Part Processing		181.24		195.59
Power & Fuel		26.32		45.60
		221.03		272.35



	For the year ended 31.03.2008	For the Period ended 31.03.2007 (18 Months) Rs. In Lakhs
10. ADMINISTRATION, SELLING & GENERAL EXPENSES		100 100 -
Rent	6.34	4.78
Repairs and Maintenance		
Building	4.67	1.14
Plant & Machinery	7.87	17.93
Others	6.47	11.03
Salaries and allowances	66.16	61.44
Contribution to PF, ESI & Gratuity	6.91	7.58
Workmen and Staff welfare expenses	4.23	4.81
Insurance	3.34	5.42
Rates and Taxes	1.45	2.13
Administrative Expenses	15.42	23.05
Auditor's Remuneration	1.02	1.00
Bank Charges	12.08	15.34
Freight Outwards	22.98	20.71
Local Conveyance	2.06	3.24
Packing & Forwarding expenses	4.06	4.22
Professional charges	7.20	1.67
Prior Period Expenses		0.36
Security Charges	8.55	10.76
Bad Debts Written off	68.79	21.52
Telephone Expenses	2.33	2.60
Travel Expenses - Inland	1.87	3.30
Tools and equipments written off	1.20	0.32
Subscription	0.46	0.49
Preliminary Expenses written off		0.47
	255.46	225.31
11. INTEREST		
Interest on Term Loan	10.08	24.86
Interest on Bank Credit	9.70	28.15
	<u>19.78</u>	53.01



SCHEDULE - 12

NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Fixed Assets

Fixed Assets are shown at historical cost. Assets acquired under Loan are capitalized and finance charges there on expensed over the tenure of loans. Office Fixtures of temporary nature are capitalized and amortized over a period of five years.

(b) Depreciation

Fixed Assets are depreciated as per Straight-line method on all assets at the rates prescribed under Schedule XIV of the Companies Act, 1956. Depreciation for additions/deletions during the period are provided on pro-rata basis.

(c) Inventories

Raw Materials, Consumables, Stores and Spares have been valued at cost, ascertained on FIFO basis or net realizable value, whichever is less. Work–in-progress value includes all direct cost and applicable production overheads to bring the goods to the present location and condition.

(d) Foreign Currency Transactions

Transactions in foreign exchange are accounted at the exchange rates prevailing on the date of the transaction. Gain / losses, if any, at the end of the period on account of restatement of current assets & current liabilities are translated and accounted at the closing rate.

(e) Taxation

Deferred Income Tax reflects the impact of current period timing differences between the taxable income and accounting income for the year. Deferred tax is measured based on the Tax Rates and the Tax Laws enacted or substantially enacted regulations on the Balance Sheet date.

Since the company has been earning profits consecutively for the last three years, the DTA / DTL has been worked out and provided in the books, though in the earlier years was not provided for.

Major components of Deferred Tax Assets and Liabilities are as under:

(Rs in lakhs)

Component	Dererred Tax Asset as on 31.03.2008	Deferred Tax Liability as on 31.03.2008
Adjustment of opening DTA for change in Tax Rate	-	-
Depreciation	10.53	-
Gratuity	-	-0.13
Total	10.53	-0.13

2. WORKING CAPITAL LOAN

The working capital assistance availed from Indian Overseas Bank is secured by Hypothecation of stock, stores, book debts and other movable assets and guaranteed by the Chairman and the holding company viz., BGR Energy Systems Limited.



3. CONTINGENT LIABILITIES

Description	As at	As at
	31.03.2008	31.03.2007
	(Rs In lakhs)	(Rs In lakhs)
i) Security provided for loans Availed by Holding Company	22.22	95.56

4. CAPACITY AND PRODUCTION

Description		Installe	d for the	Producti	on for the	Sales fo	r the
	Units	Year	18 months	Year	18 months	Year	18 months
		Ended	ended		ended		ended
			period	Ended	period	Ended	period
		31.03.08	31.03.07	31.03.08	31.03.07	31.03.08	31.03.07
Finned Tubes	Mtrs.	55,000	55,000	1,44,589	22,950	1,44,589	22,950
Process Equipments & HRSG	Kgs. ('000)	1,000	1,000	768	1,086	768	1,086

5. VALUE OF IMPORTS ON CIF BASIS

(Rs. in Lakhs)

Description	For the Year	For the Period
	ended	ended
	31.03.2008	31.03.2007
		(18 Months)
Raw materials and Components	28.72	169.03

6. DETAILS OF RAW MATERIAL AND COMPONENTS CONSUMED

Sl. No.	Description			ne year ended 31.03.08	For the per 31.03 (18 M	.2007
			Qty	Value (Rs. in lakhs)	Qty	Value (Rs. in lakhs)
1	Steel Plates & Structural	Kgs ('000)	320	626.90	280	521.03
2	Pipes, Tubes & Fittings	Mtrs ('000)	128	71.96	23	26.12
3	Consumables & Others	Lot	-	35.18	-	54.83

Note: The above data does not include the free issue material supplied by the Customers.

PROGEN SYSTEMS AND TECHNOLOGIES LIMITED

7. VALUE OF RAW MATERIAL AND COMPONENT CONSUMED DURING THE YEAR

(Rs. in Lakhs)

Des	cription	For the Year ended 31.03.2008	For the Period ended 31.03.2007 (18 Months)
i)	Imported	28.72 (3.77%)	169.03 (28.08%)
ii)	Indigeneous	705.32 (96.23%)	432.95 (71.92%)
	Total	734.04	601.98

8. EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF:

(Rs. in Lakhs)

Des	cription	For the Year	For the Period
		ended	ended
		31.03.2008	31.03.2007
			(18 Months)
i)	Travelling	0.95	-
ii)	Import of Raw Materials	28.72	169.03
iii)	ASME Certificate Fee Renewal	6.42	-

- 9. Deposit with schedule bank includes deposit of Rs.74,25,015/- (Rs. 58,96,388/-) under lien to Indian Overseas Bank, Chennai against margin money for bank guarantees.
- **10**. Provision for gratuity amounting to Rs.2,70,152/- (Rs. 2,53,623/-) has been made towards incremental liability for the period ended 31st March 2008 as per Payment of Gratuity Act, 1972.

11. OUTSTANDING DUES TO SMALL SCALE INDUSTRIAL UNDERTAKINGS.

The names of Small Scale Industrial Undertakings to Whom the Company owes any amount, which is outstanding for a period exceeding 30 days due at the Balance sheet date are:

a. Sri Venkat Metallurgical Centre (Rs. in Lakhs)

0.08

12. PARTICULARS OF RELATED PARTIES

- (i) List of Related Parties
 - a) Holding Company
 - i) BGR Energy Systems Limited.
 - b) Other Companies
 - i) Pragati Computers Limited.
 - ii) GEA BGR Energy System India Limited
 - iii) GEA Cooling Tower Technologies (India) Private Limited



(ii) Related Party Transactions

(Rs. in Lakhs)

Description	Holding	Other	For the year	For the Period
	Company	Companies	ended	ended
			31.03.2008	31.03.2007
				(18 months)
Sales	259.15	6.63	265.78	231.97
Purchase	-	0.27	0.27	1.54

13. IMPAIRMENT OF ASSETS

a. Cash Generating Units:

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

b. Other Assets:

The impairment loss on the basis of technical valuation of Fixed Assets is not material and hence no provision was made in the financial statements.

14. Figures have been rounded off to the nearest lakhs and previous year figures have been regrouped wherever necessary for comparative purposes and shown along side or in brackets.

As per our report of even date for M/s. CNGSN & ASSOCIATES Chartered Accountants

M. T. SIVA KUMAR Company Secretary **R. SASIKALA**Director

B.G. RAGHUPATHY Chairman

B. RAMAKRISHNANPartner
M.No.201023



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1.	Registration	l Details
	tegisti ution	Detuis

Registration No. 26639
State Code 18
Balance Sheet Date 31.03.2008

2. Capital raised during the year (Amount in Rs. in Lakhs)

Public IssueNilRights IssueNilBonus IssueNilPrivate PlacementNil

3. Position of mobilisation and deployment of funds (Amount in Rs. Lakhs)

Total Liabilities	1582	Total Assets	1582

Sources of Funds

Share Capital	610	Reserves & Surplus	264
Secured Loans	Nil	Unsecured Loans	708

Application of Funds

Net Fixed Assets	773	Investments	Nil
Net Current Assets	809	Miscellaneous Expenditure	Nil
Accumulated Losses	Nil		

4. Performance of the Company (Amount in Rs. Lakhs)

Total Income	1682	Total Expenditure	1281
Profit/(Loss) before tax	(+) 400	Profit/(Loss) after tax	(+) 370
Earning per Share	6.57	Dividend Rate %	Nil

5. Generic Name of four Principal Products/Services of the Company (as per monetary terms):

Item Code No. (ITC Code)	73-04	Product Description	High Frequency Resistance Welded Finned Tubes
Item Code No. (ITC Code)	84-19	Product Description	Heat Recovery Steam Generators
Item Code No. (ITC Code)	84-02	Product Description	Pressure Vessels, Columns and Reactors
Item Code No. (ITC Code)	84-19	Product Description	Spiral Fin Welded Tubes

As per our report of even date for M/s. CNGSN & ASSOCIATES Chartered Accountants

M. T. SIVA KUMAR Company Secretary **R. SASIKALA** Director

B.G. RAGHUPATHY Chairman

B. RAMAKRISHNAN

Partner M.No.201023



CASH FLOW STATEMENT FOR THE PERIOD ENDED 31st MARCH 2008

		For the year ended 31.03.2008 Rs. In Lakhs		For the Period ended 31.03.2007 (18 Months) Rs. In Lakhs	
A	CASH FLOW FROM OPERATING ACTIVITIES NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS ADJUSTMENTS FOR:		400.36		64.54
	DEPRECIATION	51.15		73.25	
	LOSSE TOOLS WRITTEN OFF MISCELLANEOUS EXPENDITURE WRITTEN OFF	1.20		0.32 0.47	
	PRIOR PERIOD EXPENSES			0.4/	
	PROVISIONS FOR TAXES NOT PAID	29.61		(9.10)	
	(PROFIT)/LOSS ON SALE OF FIXED ASSETS	-		=	
	INTEREST	19.78	101.74	53.01	127.06
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		502.11		191.60
	ADJUSTMENTS FOR:			()	
	(INCREASE)/DECREASE IN INVENTORIES	109.75		(33.47)	
	(INCREASE)/DECREASE IN TRADE AND OTHER RECEIVABLES INCREASE/(DECREASE) IN TRADE PAYABLES	(39.74) (137.88)	(67.87)	(40.95) 64.87	(9.55)
	CASH GENERATED FROM OPERATIONS	(137.00)	434.25	04.07	182.05
	PRIOR PERIOD EXPENSES	_	10 1120	-	.02.03
	INTEREST PAID	19.78		53.01	
	LOSS ON SALE OF ASSET	-		-	
	TAXES PAID	30.11	49.90		53.01
	NET CASH FLOW FROM OPERATING ACTIVITES		384.35		129.04
В	CASH FLOW FROM INVESTING ACTIVITIES				
	PURCAHSE OF FIXED ASSETS	(5.80)		(58.36)	
	SALE OF FIXED ASSETS		(5.80)		(58.36)
C	CASH FLOW FROM INVESTING ACTIVITIES				
	(REPAYMENT)/INFLOW OF FINANCE LIABILITIES	(305.45)	4	(31.57)	(-,)
	NET CASH FLOW FROM FINACING ACTIVITIES		(305.45)		(31.57)
	NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		73.09		39.11
	CASH AND CASH EQUIVALENTS AS AT 01.04.2007 (OP. BAL)		60.75		21.64
	NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		73.09		39.11
	CASH AND CASH EQUIVALENTS AS AT 31.03.2008 (CL. BAL)		133.85		60.75

As per our report of even date for M/s. CNGSN & ASSOCIATES

Chartered Accountants

M. T. SIVA KUMAR Company Secretary **R. SASIKALA**Director

B.G. RAGHUPATHY Chairman

B. RAMAKRISHNAN

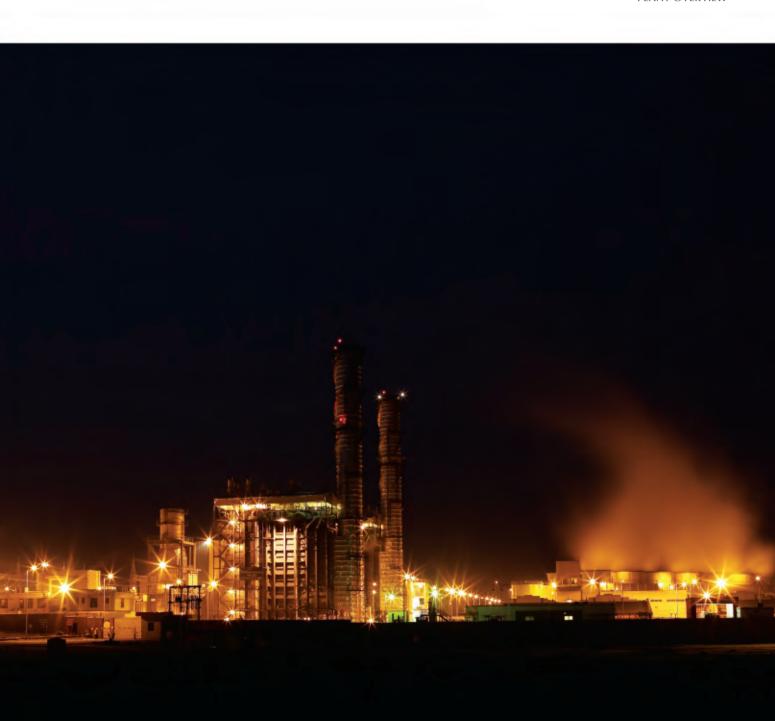
Partner M.No.201023



PROGEN SYSTEMS AND TECHNOLOGIES LIMITED

NOTES	

330 MW GAS BASED CCPP, RRVUNL, DHOLPUR, RAJASTHAN PLANT OVERVIEW







BGR Energy Systems Limited

Regd. Office: A-5, Pannamgadu Industrial Estate, Ramapuram Post, Sullurpet Taluk, Nellore District, Pin: 524401 Andhra Pradesh Corp. Office: 443, Anna Salai, Teynampet, Chennai 600018 India Ph: +91 44 24326171 Fax: +91 44 24364656

Email: investors@bgrenergy.com website: www.bgrcorp.com

Notice to the Members of BGR Energy Systems Limited

Notice is hereby given that the Twenty Second 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 524401 at 2.00 p.m. on Friday, September 19, 2008 to transact the following business.

ORDINARY BUSINESS

- 1. To receive, consider and adopt the Audited Balance Sheet of the Company as at March 31, 2008 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
- 2. To declare a dividend on Equity shares.
- To appoint a director in the place of Mrs. Sasikala Raghupathy, who retires by rotation and, being eligible for re-appointment, offers herself for re-appointment.
- 4. To appoint Auditors of the company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. M/s. Manohar Chowdhry & Associates, Chartered Accountants, the retiring auditors are eligible for reappointment.

SPECIAL BUSINESS

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

"RESOLVED that Mr. Heinrich Bohmer, who was appointed by the Board of Directors as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and whose term of office as Director expires at this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of Director and who has consented to such appointment, be and is hereby appointed as Director of the Company, whose period of office shall be liable to determination by retirement of rotation."

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

"RESOLVED that Mr. M. Gopalakrishna, who was appointed by the Board of Directors as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and whose term of office as Director expires at this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of Director and who has consented to such appointment, be and is hereby appointed as Director of the Company, whose period of office shall be liable to determination by retirement of rotation."

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

"RESOLVED that Mr. S.A. Bohra, who was appointed by the Board of Directors as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and whose term of office as Director expires at this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of Director and who has consented to such appointment, be and is hereby appointed as Director of the Company, whose period of office shall be liable to determination by retirement of rotation."

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

"RESOLVED that Mr. S.R. Tagat, who was appointed by the Board of Directors as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and whose term of office as Director expires at this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the



Companies Act, 1956 from a member proposing his candidature for the office of Director and who has consented to such appointment, be and is hereby appointed as Director of the Company, whose period of office shall be liable to determination by retirement of rotation."

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

"RESOLVED that pursuant to the provisions of Section 293(1)(d) and all other applicable provisions, if any, of the Companies Act, 1956 and Article 52 of the Articles of Association of the Company, approval of the Shareholders be and is hereby accorded to the Board of Directors for raising borrowings through loans, credits etc., from the existing limit of Rs.50 crore for borrowings to Rs.10,000 crores (including Public Deposits but excluding temporary loans obtained from the Company's bankers in the ordinary course of business) for both domestic and foreign currency borrowings from banks, financial institutions and other sources from time to time for the purpose of financing working capital requirements as also for acquisition of capital assets and / or for the general corporate purposes and any other requirements of the Company both for capital and revenue in nature, notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purposes."

"RESOLVED further that for the purpose of giving effect to the above resolutions, the Board/Committee of the Board or officers authorized by them in this regard be and are hereby authorized to finalise, settle and execute such documents, deeds, writings, papers and agreements as may be required and do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulties or doubts that may arise with regard to borrowing and creating mortgages/ charges as aforesaid."

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

"RESOLVED that pursuant to Section 314(1)(b) and all other applicable provisions, if any of the Companies Act, 1956, the consent of the general meeting be and is hereby accorded to the appointment of Ms. Swarnamughi Raghupathy as Executive Assistant to Director and payment of salary, allowances and benefits at the rate of Rs.15,300/- per month for the period from July 4, 2005 to July 3, 2006, Rs.22,800/- per month from July 4, 2006 to December 31, 2006 and Rs.42,800/- per month from January 1, 2007 to June 30, 2007 be and is hereby approved, ratified and confirmed."

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

"RESOLVED that pursuant to the provisions of Section 314 (1) (b) and all other applicable provisions, if any of the Companies Act, 1956, the consent of the general meeting be and is hereby accorded to the appointment of Ms. R. Priyadarshini as Management Trainee at a remuneration of Rs.22,000/- per month effective from April 30, 2007 and the payment of such remuneration is hereby approved, ratified and confirmed and the Board of Directors be and is hereby authorized to approve her appointment to such post and at such remuneration as are commensurate with her qualification, experience and performance as may be determined by the Board from time to time; provided however that the remuneration so payable to Ms. R. Priyadarshini shall not exceed Rs.50,000/- per month except with prior approval of the Central Government under Section 314 (1B) of the Companies Act, 1956."

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

"RESOLVED that pursuant to the provisions of Section 314 (1) (b) and all other applicable provisions, if any of the Companies Act, 1956, the consent of the general meeting be and is hereby accorded to the appointment



of Mr. R. Prabhu as Deputy Manager – Projects at a remuneration of Rs.33,000/- per month effective from June 9, 2008 and the payment of such remuneration is hereby approved and the Board of Directors be and is hereby authorized to approve his appointment to such post and at such remuneration as are commensurate with his qualification, experience and performance as may be determined by the Board from time to time; provided however, that the remuneration so payable to Mr. R. Prabhu shall not exceed Rs.50,000/- per month except with prior approval of the Central Government under Section 314 (1B) of the Companies Act, 1956."

By order of the Board

Place : Chennai R. Ramesh Kumar
Date : July 30, 2008 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 atleast 48 hours before the time fixed for holding the meeting.
- ii) The relevant explanatory statement as required under section 173(2) of the Companies Act, 1956 in respect of Special Business is appended herewith.
- iii) The Register of Members of the Company shall remain closed from September 15, 2008 to September 19, 2008 (Both days inclusive).
- iv) All documents referred to in the above notice and explanatory 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 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 - Intime Spectrum Registry 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.
- viii) Shareholders holding shares in physical form, if they so desire, are requested to get their shares dematerialized by approaching their respective Depository Participants, if they are already having a Demat account. Shareholders who have not yet opened a Demat account, if they so desire, are requested to open an account and dematerialize their shares of the Company. 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 are requested to forward their queries on Annual accounts or other sections of the Annual Report to the Company Secretary at least 10 days in advance for enabling the Company to furnish replies / clarification at the AGM.
- ix) Members are requested to bring their copy of the Annual Report to the meeting.
- x) Mrs. Sasikala Raghupathy, who is retiring by rotation, is a non-executive Director on our Board. She has been associated with our Company as a Director from August 20, 1985. She is on the Board of Directors of the following Public Companies.
 - BGR Aquaatech India Limited
 - Progen Systems and Technologies Limited
 - BGR Power Limited
 - Mega Funds India Limited
 - GEA BGR Energy System India Limited

She holds directorship in 6 private companies. She holds 11,579,120 shares in the Company.



EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956 AND INFORMATION UNDER CLAUSE 49 OF THE LISTING AGREEMENT.

Item No.5

Pursuant to Section 260 of the Companies Act, 1956, the Board of Directors of the Company appointed Mr. Heinrich Bohmer as an Additional Director of the Company with effect from July 18, 2007. In terms of the provisions of Section 260 of the Act, Mr. Heinrich Bohmer holds office upto the date of this Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Mr. Heinrich Bohmer for the office of Director of the Company in terms of Section 257 of the Companies Act, 1956.

Mr. Heinrich Bohmer, 71, is a graduate with a diploma in Mechanical Engineering from the technical academy in Duisburg, Germany. He has been involved in research and development, design and sales functions in various power and chemical industries in Europe, America and Asia. Prior to joining the Company, Mr. Heinrich Bohmer established EVU GmbH an engineering company and retired as the Managing Director of Taproggee - MWD GmbH. His area of specialization include international sales and business development and management of companies. Keeping in view of his rich expertise and knowledge, it will be in the interest of the Company that Mr. Heinrich Bohmer is appointed as a Director. Mr. Bohmer does not hold any shares in the Company. If appointed, Mr. Heinrich Bohmer shall be liable to retire by rotation in accordance with the provisions of the Articles of Association of the Company.

Mr. Heinrich Bohmer is an Independent Director. He is a member of the Shareholders & Investors Grievance Committee of the Company. He does not hold an office of director in any other Company.

None of the Directors is interested or concerned in this resolution except Mr. Heinrich Bohmer. The Board commends the Resolution set out in the notice for your approval.

Item No.6

Pursuant to Section 260 of the Companies Act, 1956, the Board of Directors of the Company appointed

Mr. M. Gopalakrishna as an Additional Director of the Company with effect from July 18, 2007. In terms of the provisions of Section 260 of the Act, Mr. M. Gopalakrishna holds office upto the date of this Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Mr. M. Gopalakrishna for the office of Director of the Company in terms of Section 257 of the Companies Act, 1956.

Mr. M. Gopalakrishna, 68, holds a Bachelor's degree in Science and Law from Osmania University, Hyderabad. He is a retired officer of the Indian Administrative Service and has served on the Boards of various public sector companies in the capacity of Chairman, Managing Director and Director. He was formerly a Chairman of Standing Conference of Public Enterprises (SCOPE). He was formerly Chairman of REC, Assam Gas Company and other joint sector companies in Andhra Pradesh. Presently, Mr. Gopalakrishna is Director in charge of Andhra Pradesh Gas Power Corporation Limited. Mr. Gopalakrishna has joined the company on July 18, 2007. His area of specialization and expertise include Industrial Development, Corporate and organizational development, HR and macro policy formulation. Keeping in view of his rich expertise in management of large corporates, it will be in the interest of the Company that Mr. Gopalakrishna is appointed as a Director. Mr. Gopalakrishna does not hold shares in the Company. If appointed, Mr. Gopalakrishna shall be liable to retire by rotation in accordance with the provisions of the Articles of Association of the Company.

Mr. M. Gopalakrishna is an Independent Director. He is the Chairman of the Shareholders & Investors Grievance Committee and a member of the Compensation Committee of the Company. He is on the Board of Directors of the following Companies.

- Arani Power Systems Limited
- AP Gas Power Corporation Limited
- Rithwik Energy Systems Limited
- JOCIL Limited
- Pitti Laminations Limited
- Gold Stone Infrastructure Limited
- Avra Laboratories Private Limited



- PEC Potentiometers Private Limited
- Sentini Bio-Products Private Limited

None of the Directors is interested or concerned in this resolution except Mr. M. Gopalakrishna. The Board commends the Resolution set out in the notice for your approval.

Item No.7

Pursuant to Section 260 of the Companies Act, 1956, the Board of Directors of the Company appointed Mr. S.A. Bohra as an Additional Director of the Company with effect from July 18, 2007. In terms of the provisions of Section 260 of the Act, Mr. S.A. Bohra holds office upto the date of this Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Mr. S.A. Bohra for the office of Director of the Company in terms of Section 257 of the Companies Act, 1956.

Mr. S.A. Bohra, 62, is a former Distinguished Scientist & Senior Executive Director (Technical) of Nuclear Power Corporation of India Limited. He has also been a Governor of World Association of Nuclear Operators (WANO), Tokyo Centre, Japan for 4 years. Mr. Bohra is second rank holder in mechanical engineering (1965 batch) from Jodhpur University and later he did his post-graduation (1st Rank) in nuclear engineering from BARC Training School, Mumbai. He is a Fellow of Indian National Academy of engineering and life member of Indian Nuclear Society. He has over four decades of rich experience in relation to design, construction, commissioning and operation of nuclear power plants. He is a recipient of Homi-Bhabha Award and Indian Nuclear Society (INS) Award 2004 in the Nuclear Reactor Technology. He served on the Boards of Several Companies viz., Nuclear Fuel Complex, TELK, Heavy Water Board, Indira Gandhi Centre Council. He also served as member ACPSR, Atomic Energy Regulatory Board. Mr. Bohra is currently an advisor (Nuclear) to TATA Power Company Limited. Mr. Bohra joined the company's Board on July 18, 2007. Keeping in view of his rich expertise and deep knowledge in power sector and project management, it will be in the interest of the Company that Mr. Bohra is appointed as a Director. Mr. Bohra does not hold shares in the Company. If appointed, Mr.Bohra shall be liable to retire by rotation in accordance with the provisions of the Articles of Association of the Company.

Mr. S.A. Bohra, is an Independent Director. He is a member of the Audit Committee and Compensation Committee of the Company. He does not hold an office of director in any other Company.

None of the Directors is interested or concerned in this resolution except Mr. S.A. Bohra. The Board commends the Resolution set out in the notice for your approval.

Item No.8

Pursuant to Section 260 of the Companies Act, 1956, the Board of Directors of the Company appointed Mr.S.R. Tagat as an Additional Director of the Company with effect from July 18, 2007. In terms of the provisions of Section 260 of the Act, Mr. S.R. Tagat holds office upto the date of this Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Mr. S.R. Tagat for the office of Director of the Company in terms of Section 257 of the Companies Act, 1956.

Mr. S.R. Tagat, 51, is an independent Director. Mr. Tagat holds a Bachelor's degree in Commerce and is a qualified Chartered Accountant. Mr. Tagat earlier worked in various State public sector and State Government enterprises. Mr. Tagat has also handled audit of various banks and insurance companies. Mr. Tagat is currently a partner in a reputed firm of Chartered Accountants. Mr. Tagat joined the company's Board on July 18, 2007. Keeping in view of his rich expertise and knowledge in the fields of Finance, Accounts and Audit, it will be in the interest of the Company that Mr. Tagat is appointed as a Director. Mr. Tagat holds 135 shares in the Company. If appointed, Mr.Tagat shall be liable to retire by rotation in accordance with the provisions of the Articles of Association of the Company.

He is the Chairman of the Audit Committee and a member of the Share Transfer Committee of the Company. He does not hold an office of director in any other Company.

None of the Directors is interested or concerned in this resolution except Mr. S.R. Tagat. The Board commends the Resolution set out in the notice for your approval.



Item No.9

In terms of Section 293 (1) (d) of the Companies Act, 1956, the Board of Directors of the company, shall not except with the consent of the shareholders in a general meeting, borrow moneys, where moneys to be borrowed together with the moneys already borrowed by the company (apart from temporary loans obtained from company's bankers in the ordinary course of business) will exceed the aggregate of the paid up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose. Article 52 of the Articles of Association of the Company provides for the borrowing powers of the Board subject to such limits as may be imposed by the shareholders. The company at its Fifteenth annual general meeting held on March 30, 2001 passed an ordinary resolution under Section 293 (1) (d) of the Companies Act, 1956, authorizing the Board of Directors of the Company to borrow money upto Rs.50 Crores in excess of the aggregate of its paid up capital and free reserves.

The Company is constantly evaluating new business opportunity and growing the existing businesses by execution of large EPC, BoP contracts in power sector and LSTK contracts in Oil and Gas sector. It is anticipated that the company will also need to incur considerable capital expenditure for capacity addition and to fund new business opportunities and execution of large contracts in the next few years. These investments would be with a view to enhancing the Company's market leadership and consolidate its position in various segments of the business and to create shareholder value. To realize the above objectives, the Company would need to avail from Banks, Financial Institutions and other lenders from time to time, funds by way of long term loans for the purposes of capital expenditure, long term working capital and general corporate purposes. Accordingly, the consent of the shareholders is being sought for the enhancement of the borrowing limits of your company as set out in the resolution. The proposal is in the interest of the Company and the Board commends the resolution for approval of members. None of the Directors of the Company is interested or concerned in this resolution.

Item No.10

Ms. Swarnamughi Raghupathy is a daughter of Mr.B.G. Raghupathy, Chairman & Managing Director and Mrs. Sasikala Raghupathy, Director of the Company. She is a

Bachelor of Technology graduate and a Post Graduate Diploma in Embedded Systems. The Board at its meeting held on June 1, 2005 approved the appointment of Ms. Swarnamughi Raghupathy as Executive Assistant to Director with effect from July 4, 2005 at a remuneration of Rs.15,300/- per month plus applicable perquisites as per rules of the company with a proviso that the remuneration shall not exceed Rs.50,000/- per month except with prior approval of the Central Government. The remuneration paid to Ms.Swarnamughi was revised from time to time and her last drawn salary was Rs.42,800/- per month. Ms. Swarnamughi's services have since been transferred to another promoter entity with effect from July 1, 2007. As per the provisions of the Section 314 of the Companies Act, 1956 the consent of the members is required for appointment of a relative of a director to an office of profit and payment of remuneration in excess of limits prescribed from time to time in connection therewith. The Special Resolution as set out in the notice is placed for the members' consent and ratification. The Board commends the resolution for the consent and ratification of the members. None of the Directors is interested or concerned in this resolution except Mr. B.G. Raghupathy and Mrs. Sasikala Raghupathy.

Item No.11

Ms. R. Priyadarshini is a daughter of Mr.B.G. Raghupathy, Chairman & Managing Director and Mrs. Sasikala Raghupathy, Director of the Company. The Board at its meeting held on July 30, 2008 approved the appointment of Ms. R. Priyadarshini as Management Trainee with effect from April 30, 2007 at a remuneration of Rs.22,000/- per month plus applicable perquisites as per rules of the company. Ms.Priyadarshini is a Bachelor of Technology graduate and has received a Post Graduate Diploma in Business Administration. As per the provisions of Section 314 of the Companies Act, 1956, the consent of the members is required for appointment of a relative of a director to an office of profit and payment of remuneration in excess of limits prescribed from time to time in connection therewith. The Special Resolution as set out in the notice is placed for the members' consent and ratification. The Board commends the resolution for the consent and ratification of the members. None of the Directors is interested or concerned in this resolution except Mr. B.G. Raghupathy and Mrs. Sasikala Raghupathy.



Item No.12

Mr.R. Prabhu is a son of Mr.S. Rathinam, Director - Finance of the company. The Board at its meeting held on July 30, 2008 approved the appointment of Mr. R. Prabhu as Deputy Manager - Projects with effect from June 9, 2008 at a remuneration of Rs.33,000/- per month plus applicable perquisites as per rules of the company. Mr.Prabhu is a Bachelor of Engineering graduate and has received a Post Graduate Diploma in Business Administration. As per the provisions of Section 314 of the Companies Act, 1956, the consent of the members is required for appointment of a relative of a director to an office of profit and payment of

remuneration in excess of limits prescribed from time to time in connection therewith. The Special Resolution as set out in the notice is placed for the members' consent. The Board commends the resolution for the consent of members. None of the Directors is interested or concerned in this resolution except Mr. S.Rathinam.

By order of the Board

Place : Chennai R. Ramesh Kumar
Date : July 30, 2008 President - Corporate & Secretary



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