



## BGR ENERGY SYSTEMS LIMITED

27th ANNUAL REPORT 2012-13



எண்ணிய எண்ணியாங் கெய்துப எண்ணியார்  
திண்ணியர் ஆகப் பெறின். -திருக்குறள்

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

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- வினைத்திட்டம் 2.2.4.666, திருக்குறள்

*A person with firm resolve in pursuit of his goal  
will achieve it, as envisioned by him.*



*The couplet above from Thirukural, one of the Tamil classic scripts aptly sums up the life and achievement of our beloved Founder, Chairman and Managing Director, Mr. B.G. Raghupathy. He laid the foundation for this organization with a small factory at Pannamgadu Industrial Estate, in Nellore District of Andhra Pradesh. His penchant for growth catapulted BGR Energy Systems Limited to be among the leaders in EPC & BoP segments of power plant construction in India.*

*On 28th July, 2013 we lost our visionary founder Mr. B.G.Raghupathy. His vision in life was to establish a world-class manufacturing, engineering & contracting company serving the power and process sector. He was a pioneer and trend setter in BoP and Dry Cooling system in India. He has built a strong organization with great zeal and energy. We resolve to build on and make his vision come true.*





1986

## LAI D STRONG FOUNDATION FOR A GREAT FUTURE



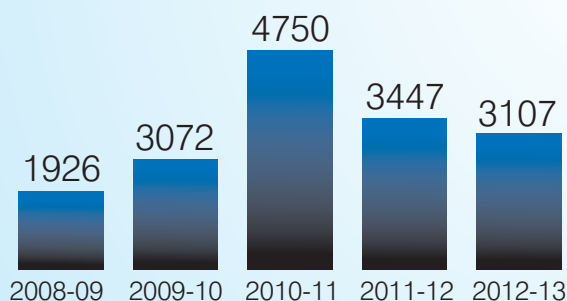
2010

# Financial Highlights

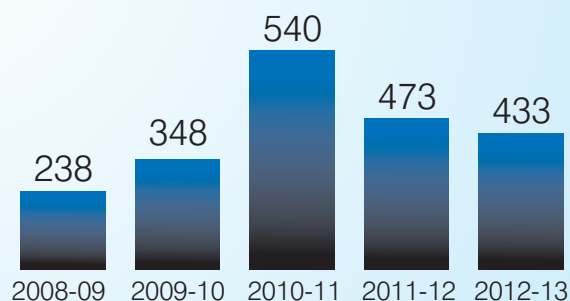
(₹ in Crores except per share data)

DESCRIPTIONS	2008-09	2009-10	2010-11	2011-12	2012-13
<b>SALES AND EARNINGS</b>					
Sales	1926.07	3072.04	4750.29	3447.05	<b>3107.17</b>
Other Income	27.55	21.91	19.12	5.26	<b>5.44</b>
EBIDTA	237.80	348.04	540.17	473.10	<b>433.34</b>
PAT	115.09	201.02	324.20	223.52	<b>163.67</b>
<b>ASSETS</b>					
Fixed Assets	96.47	149.45	175.39	198.41	<b>210.28</b>
Investments	4.78	4.78	136.80	235.85	<b>363.71</b>
Other Asset (Net)	1246.19	1514.31	2285.56	2849.78	<b>3284.17</b>
Total Assets	1347.44	1668.54	2597.75	3284.04	<b>3858.16</b>
<b>FUNDED BY</b>					
Equity Share Capital	72.00	72.00	72.16	72.16	<b>72.16</b>
Reserves & Surplus	489.15	631.2	877.60	1042.41	<b>1147.38</b>
Networth	561.15	703.2	949.76	1114.57	<b>1219.54</b>
Deferred Taxes	78.49	158.91	311.68	401.35	<b>424.28</b>
Borrowings	707.80	806.43	1336.31	1768.12	<b>2214.34</b>
Total Liabilities	1347.44	1668.54	2597.75	3284.04	<b>3858.16</b>
EPS (₹)	15.98	27.92	44.97	30.98	<b>22.68</b>
Dividend per equity share (₹)	3.00	7.00	10.00	7.00	<b>7.00</b>

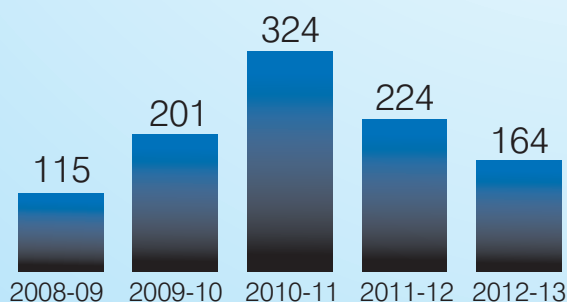
Sales (₹ in Crores)



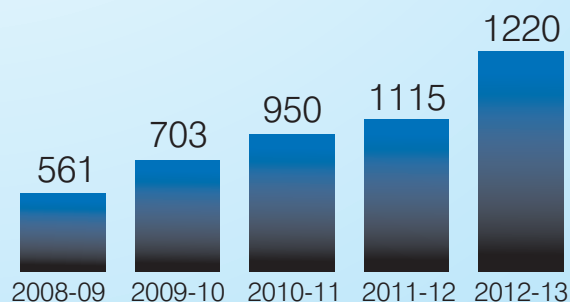
EBIDTA (₹ in Crores)



PAT (₹ in Crores)



NETWORTH (₹ in Crores)



# Corporate Information

## BOARD OF DIRECTORS

B. G. Raghupathy  
Chairman & Managing Director

V. R. Mahadevan  
Director - Technologies & HR

A. Swaminathan  
Director - Sales & Marketing

Swarnamugi Karthik  
Director - Corporate Strategy

K. Chandrashekhar  
Director - Projects

M. Gopalakrishna  
Director

S. A. Bohra  
Director

S. R. Tagat  
Director

M. S. Sundara Rajan  
Director

Gnana Rajasekaran  
Director

Heinrich Bohmer  
Director

Sasikala Raghupathy  
Director

## COMPANY SECRETARY

R. Ramesh Kumar

## CHIEF FINANCIAL OFFICER

P. R. Easwar Kumar

## STATUTORY AUDITOR

M/s. Manohar Chowdhary & Associates  
Chartered Accountants  
No.27, Subramanian Street  
Abhirampuram, Chennai 600018

## INTERNAL AUDITORS

J V Associates  
V Krishnan & Co.  
Ramachandran & Murali  
Brahmayya & Co.  
Venkatesh & Co.

## BANKERS

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

## REGISTERED OFFICE

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

## CORPORATE OFFICE

443 Anna Salai, Teynampet,  
Chennai 600018 India

## REGIONAL OFFICES

New Delhi  
Plot No.1, Sector -16A, Film City  
Noida 201301 Uttar Pradesh

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

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

## WEB SITE

[www.bgcorp.com](http://www.bgcorp.com)

## REGISTRAR & SHARE TRANSFER AGENT

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

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## Directors' Report

To the Members of  
**BGR ENERGY SYSTEMS LIMITED**

Your directors have pleasure in presenting the Twenty Seventh Annual Report together with the audited financial statements for the year ended March 31, 2013.

### FINANCIAL RESULTS

The highlights of the financial performance of the Company during the financial year ended March 31, 2013 as compared with the previous financial year ended March 31, 2012 are summarized below:

(₹ Crore)

Description	2012-13	2011-12
Income from operations	3107	3447
Other income	5	5
Total Income	3112	3452
Earnings before Interest, Depreciation, Tax and Amortization	433	473
Profit before tax	245	327
Tax Expense	81	103
Net Profit	164	224
Amount available for appropriation	164	224
<b>Less :</b>		
a) Dividend	51	51
b) Tax on dividend	8	8
c) Transfer to general reserve	16	22
Balance carried to Balance Sheet	89	143

### DIVIDEND

Your Board of Directors have recommended a dividend of ₹ 7 per equity share of ₹ 10/- each subject to the approval of the Members at the forthcoming 27th Annual General Meeting. This will result in dividend payment of ₹ 50.51 crores and payment of dividend tax of ₹ 8.19 crores. The dividend will be paid to members whose names appear on the Register of Members as on September 25, 2013 and as informed to the Company by National Securities Depository Limited and Central Depository Services Limited, in respect of shares held in demat mode. Your directors wish to carry an amount of ₹ 88.60 crores to the Balance Sheet after appropriation towards dividend, corporate dividend tax and transfer to general reserve.

### PERFORMANCE REVIEW

During the year, your Company successfully bid for a BoP Contract from Odisha Power Generation Corporation Limited and the resulting contract is expected to be received shortly in the current financial year.

Your Company has achieved progress in the implementation of all ongoing EPC and BoP project contracts viz., Kalisindh (2 X 600 MW EPC), Marwa (2 x 500 MW BoP), Mettur (1 X 600 MW EPC), Chandrapur (2 x 500 MW BoP), Nawapara (2 X 300 MW EPC), Krishnapatnam (2 X 660 MW BoP).

In respect of break-through contracts in Super Critical technology space secured through NTPC's bulk tender process for supply of 6 units of 660 MW steam generators to Solapur (2 X 660), Meja (2 x 660) and DVC-Raghunathpur (2 X 660), your Company is executing engineering works and commenced manufacturing

activities in collaboration with BGR Boilers Private Limited and Hitachi Power Europe. Similarly, the contract for supply of 2 x 800 MW Steam Turbine and Generator to Lara project is being executed in collaboration with BGR Boilers Private Limited and Hitachi Japan.

During the year under review, Electrical Project Division has commissioned all 4 units of 33 MW Hydroelectric project for NHPC at Teesta, Siliguri, West Bengal as e-BoP contractor and this is the first hydroelectric project carried out by your Company. The Division has completed over 4750 KM of OPGW stringing under LIVE-LINE conditions on EHV transmission lines rated up to 400 KV which was spread over 10 States of India. This Division is executing e-BoP contract for 4 units of 700 MW Nuclear projects of Nuclear Power Corporation. Your Company has taken steps to qualify for e-BoP projects including EHV switchyards for Ultra Mega Power projects for which tenders are being floated by clients.

Air Fin Cooler division has achieved growth in profit by 38% compared to the previous financial year and this is the second consecutive year to achieve more than 30% growth in profit. Your Company received major orders from IOCL for Paradip Refinery and BPCL, Siemens for NMDC project in Chattisgarh. Your Company supplied equipment to International clients/markets, including GPS, Al-Hassan, Toledo, Dodsai, CCC, SiadMi and AIKhorayef. Your Company has successfully completed IBR Tube Bundles for IOCL – Paradip with shortest lead time of 5 months. Opportunities in Indian market have been very poor as no new refineries came up in the year 2012-13. However, there are signs of improvement with expansion of two major refineries viz., BPCL and Reliance Jamnagar and they are expected to open up good business in the current financial year. Your Company would lay focus on business prospects in new markets like Nigeria, South East Asia and North Africa and repeat orders from clients.

Environment Engineering Division has bagged a prestigious order from Dodsai for 2 x 700 MW Deaerator Package for Khakrapara-NPCIL project. This, when executed, will be the largest Deaerator in India surpassing the earlier largest one supplied by your Company to NPCIL. During FY 2012-13, your Company firmly established itself as a significant market player in Condensate Polishing Units.

Oil & Gas Equipment division posted muted performance due to competition and constraints in bidding for large projects due to lack of pre-qualification. Your Company has adopted strategy to tie-up with global technology majors and bid for large EPC and LSTK projects. The benefits of this market approach will be realized in the years to come.

### INDIAN POWER SECTOR SCENARIO

The Policy emphasis laid by the Govt. of India to the power sector in the preceding years, has facilitated setting up of additional power generation capacity in the country. Bulk tenders invited by NTPC for 11 units of 660 MW and 9 units 800 MW Super-critical Steam Generators and Steam Turbine Generators have played a critical role in catalyzing the sector.

Some of the major challenges affecting the Power sector generation capacity addition are:

1. Availability of land
2. Lack of firm commitment on fuel supply and unpredictable pricing of imported fuel (coal/gas)
3. Slow and tedious process of environmental clearances linked with clearance for coal mines
4. Deteriorating financial health of State Power Utilities

## Directors' Report

There is a significant back log of new power projects which are held up for either grant of fuel linkages or for conversion of assured linkages to firm Fuel Supply Agreements. Some of these projects (without Fuel Supply Agreements) are already under advanced stages of construction. Even many completed projects are awaiting fuel supply to start generation. It is being reported that around 7-8% of the installed base of the country 223 GW is idle because of either lack of fuel (coal and gas) or evacuation challenges. Most of the IPPs on the planning stage which had called for bids have either shelved their plans or have put them on hold due to the reasons mentioned above. The combined effect of all the above created serious short term concerns for the entire power sector and all its stake holders. As an immediate impact the market size for new power projects has shrunk and as a result competition has become very intense impacting margins of contracts for new power projects.

Mounting losses of the State Utility/Discom companies have severely impacted the cash flow of projects under implementation. This also adversely impacts financing of new power projects. The Financial Restructuring Plan implemented by the Central Government in late 2012 is expected to improve financial health of the State Utility/Discoms and could become harbinger for overall improvement of Power sector.

Despite the huge challenges and shrinking market size, your Company has closed the year with healthy order book of over ₹ 11000 Crores.

### FUTURE OUTLOOK, THE YEAR AHEAD

The challenges in Power sector are still persisting. However, considering the fact that power being the most crucial component of economic growth and sustenance the current challenges are expected to be resolved sooner than later. Thermal power projects will constitute almost 2/3rd of the new power projects in the next decade and almost all coal based power projects will be based on super-critical technology. Your Company will continue to play a significant role in its area of strength and in the short term your Company will focus projects which are free of present bottlenecks and is confident of securing large value BoP and equipment contracts and in the near term keep itself agile to the supercritical technology based power projects.

Your Company's design and Engineering strength and proven execution track record will help your Company to weather the current market conditions and stay nimble footed so as to avail of opportunities when the sector's fortunes turn around.

In this backdrop, your Company has taken initiatives to explore overseas power project prospects, with a specific emphasis on Middle East markets, where a number of gas power projects are coming up.

The underlying aspects of the slow growth phase bottoming out and promise of latent power demand in the country are the silver lining for the sector and your Company will continue to play a significant role in the development of the power infrastructure of the country.

### PROGRESS AND STATUS OF JOINT VENTURE & SUBSIDIARY

During the year under review, your Company signed a Memorandum of Understanding with the Tamil Nadu Government in November 2012 to secure the support of the Government of Tamil Nadu for the Joint Venture Projects.

#### BGR BOILERS PRIVATE LIMITED

The Joint Venture established to Design, Manufacture, Install and Commission of Supercritical Boilers of 660 MW, 800 MW and 1000 MW rating capacity has obtained all approvals required to

commence construction of its manufacturing plant and is expects to start production by early 2015.

#### BGR TURBINES COMPANY PRIVATE LIMITED

The Joint Venture was established to Design, Manufacture, Install and Commission of Supercritical Steam Turbines and Generators of 660 MW, 800 MW and 1000 MW units. The company plans to commence production by later 2015.

#### SRAVANAA PROPERTIES LIMITED, SUBSIDIARY

Your Company on 2nd November, 2012 acquired 100% of the equity share capital of Sravanaa Properties Limited, which owns landed property in Chennai. Your company intends to set up its office in this land property to house the operating divisions and corporate office of the Company.

### CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Accounting Standard (AS-21) on Consolidated Financial Statements read with Accounting Standard (AS-27) on financial reporting of interest in Joint Ventures, the audited Consolidated Financial Statements are annexed to this annual report.

In accordance with the general Circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies are not attached with the financial statements of the Company. The Company will make available the Annual financial statements of the subsidiary companies and related information to the members of the Company who may be interested in obtaining the same. The Annual reports of the subsidiary companies will be open for inspection by shareholders at the Registered and Corporate Office of the Company and Subsidiary companies. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies.

### HUMAN RESOURCES

Your Company's focussed effort of talent building over the last few years have yielded very good results and the company has in place a strong team of experienced and competent professionals. Being an EPC Organization, Project Management is of paramount importance and therefore, during the year, your Company had substantially strengthened the Project Management teams through induction of senior level resources.

Your Company has also successfully established an effective performance driven culture and this has motivated the employees to perform better. The focus during the current financial year was towards nurturing, equipping the talent pool to manage bigger challenges in the coming years by providing them with adequate training in technical and behavioral areas. With a view to enhance the Company's in-house Project Management capabilities, exclusive Certification courses were organised for the core Project Management team which has resulted in overall improvement. In addition, training in vital areas like Leadership, Time management and Communication by leading trainers during the year have also helped to enhance Company's Employee Capabilities.

### EMPLOYEE STOCK OPTION SCHEME

The Company has implemented the Employee Stock Option Scheme 2007 in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Compensation Committee, constituted in accordance with the SEBI Guidelines, administers and monitors the Scheme. The applicable disclosures as stipulated under the SEBI Guidelines as at March 31, 2013 are attached as Annexure – I of this report.



## Directors' Report

### DEPOSITS

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

### STATUTORY INFORMATION

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 with respect to conservation of energy are not applicable to your Company. The particulars relating to technology absorption are enclosed as Annexure – II of this report. During the FY 2012-13, the Foreign exchange earnings and outgo were ₹ 8488 lakhs and ₹ 949 lakhs respectively. In terms of the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the annexure to the Directors' Report. Having regard to the provisions of Section 219(1) (b)(iv) of the Companies Act, 1956 the annual report excluding the aforesaid information is being sent to all the members of the Company. Any member interested in obtaining such information, may write to the Company Secretary of the Company.

### BOARD OF DIRECTORS

Mr. T. Sankaralingam, Managing Director relinquished his office and he was relieved from the office of Managing Director of the Company with effect from 31st December 2012. Your directors wish to place on record their appreciation for valuable contribution and services rendered by Mr. T. Sankaralingam during his tenure as the Managing Director of the Company.

Mrs. Sasikala Raghupathy, Mr. Heinrich Bohmer and Mr. A. Swaminathan, Directors, retire by rotation and being eligible for re-appointment, offer themselves for re-appointment. The Board recommends their re-appointment. Profiles of these directors are given in the notice convening the 27th annual general meeting of the Company.

On November 01, 2012, Mr. K. Chandrashekar was co-opted as an additional director on the Board and he retires at the forthcoming Annual General Meeting and seeks appointment in terms of Section 257 of the Companies Act, 1956. He has been appointed as Wholetime Director for a period of 5 years with effect from 1st November 2012. The profile of Mr. K. Chandrashekar and the terms and conditions of his appointment including remuneration are given in the Notice of 27th Annual General Meeting of the Company.

On February 08, 2013, Ms. Swarnamugi Karthik was co-opted as an additional director on the Board and she retires at the forthcoming Annual General Meeting and seeks appointment in terms of Section 257 of the Companies Act, 1956. She has been appointed as Wholetime Director for a period of 5 years with effect from 8th February 2013. The profile of Ms. Swarnamugi Karthik and the terms and conditions of her appointment including remuneration are given in the Notice of 27th Annual General Meeting of the Company.

The Company has received notices proposing Mr. K. Chandrashekar and Ms. Swarnamugi Karthik for appointment to the office of director. The Board of Directors recommends these proposed appointments.

### DIRECTORS' 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 Financial year ended March 31, 2013, the applicable

accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956 have been followed and there are no material departures from the same;

- 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, 2013 and of the profit of the Company for the Financial year ended on that date;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) the Directors have prepared the annual accounts for the year ended March 31, 2013 on a going concern basis.

### STATUTORY AUDITORS' AND AUDITORS' REPORT

Manohar Chowdhry & Associates, Chartered Accountants, Statutory auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. Manohar Chowdhry & Associates, Chartered Accountants confirmed that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for re-appointment in terms of Section 226 of the Companies Act, 1956.

### COST AUDITORS

As per the Order dated 24th January, 2012 issued by the Ministry of Corporate Affairs, the appointment of Cost Auditors becomes mandatory for your Company pursuant to the provisions of Section 233B of the Companies Act, 1956. Accordingly, the Board of Directors at its meeting held on 29th May, 2013 approved the appointment of Mr. K. Vaidyanathan, Cost Accountant as the Cost Auditors of the Company for the Financial year 2013-14, subject to the approval of the Central Government.

### CORPORATE GOVERNANCE

A Report on Management Discussion & Analysis of Performance and Compliance of Corporate Governance under clause 49 of the listing agreement & Certificate from Auditors confirming compliance of conditions of Corporate Governance is included in this Annual Report.

### ACKNOWLEDGEMENTS

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

Your Directors also record their appreciation and gratitude to the Bankers for their continued support and timely assistance in meeting the Company's resource requirements. Your Directors acknowledge the dedicated services rendered by all the employees of the company.

For and on behalf of the Board

Place : Singapore  
Date : May 29, 2013

**B. G. RAGHUPATHY**  
Chairman & Managing Director

## Directors' Report

### ANNEXURE – I

#### DISCLOSURE IN THE DIRECTORS' REPORT AS PER SEBI GUIDELINES:

Particulars	2012-13
Options Outstanding in the Beginning of the Year	291,100
a Options granted	0
b Pricing formula	85% of Issue Price ₹ 408/-
c Options Vested	0
d Options Exercised	0
e Total no. of shares arising as result of exercise of Options	0
f Options lapsed	5,242
g Variation in terms of Options	None
h Money realised by exercise of Options	0
i Total number of options in force	285,858
j employee wise details of options granted to	
(i) Senior Managerial Personnel	None
(ii) identified employees who were granted option during any one year, equal to or exceeding 1% of the issued capital excluding outstanding warrants and conversions of the company at the time of grant;	None
(iii) identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant;	None
k Diluted earnings per share pursuant to issue of shares on exercise of option calculated in accordance with AS 20 'Earnings per Share'	22.68
Pro Forma Adjusted Net Income and Earning Per Share	
Particulars	₹ in Million
<b>Net Income</b>	
<b>As Reported</b>	1636.7
Add: Intrinsic Value Compensation Cost	0.00
Less: Fair Value Compensation Cost	0.31
<b>Adjusted Pro Forma Net Income</b>	1637.01
<b>Earning Per Share</b>	
: Basic	
As Reported	22.68
Adjusted Pro Forma	22.68
<b>Earning Per Share</b>	
: Diluted	
As Reported	22.68
Adjusted Pro Forma	22.68
l Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	N.A.
m Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	N.A.
n A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information:	
(i) risk-free interest rate	N.A.
(ii) expected life	N.A.
(iii) expected volatility	N.A.
(iv) expected dividends and	N.A.
(v) the price of the underlying share in market at the time of option grant.	N.A.

### ANNEXURE – II

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

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

# Corporate Governance Report

## COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

## BOARD OF DIRECTORS

### COMPOSITION OF BOARD

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

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

None of the Directors on the Board is a Member of more than ten Committees or Chairman of more than five Committees across all the companies in which he is a Director. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2013 have been made by the Directors.

### MEETINGS AND ATTENDANCE OF THE BOARD DURING THE YEAR

The Board Meetings are held at the Corporate Office. The Agenda for the meeting is prepared by the President – Corporate & Secretary in consultation with the Chairman & Managing Director. In our endeavor to improve the practices with regards to the Board Meetings, the agenda and the relevant papers are circulated in advance to facilitate the members of the Board to take informed decisions and discharge their responsibility effectively. Where it is not practicable to attach or forward any document/ information as part of the agenda papers, the same are tabled at the meeting or

presentations by the concerned Presidents and CEOs of the divisions to the Board. The Company is continually improving these practices so as to enable more effective strategy formulation, direction, monitoring and reviews by active participation by the Board.

### The following information are regularly placed before the Board:

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

During the Financial Year 2012 - 13, 4 (four) Board Meetings were held on May 30, 2012, August 03, 2012, November 01, 2012 and February 08, 2013 and not more than four months have elapsed between any two meetings. The information as specified in Annexure 1A to Clause 49 of the Listing Agreement are regularly made available to the Board, wherever applicable for discussion and consideration.

Particulars of the Directors' attendance at the Board Meetings and at the Annual General Meeting held on September 21, 2012 and particulars of their directorships and committee memberships in other companies are given below:

## Corporate Governance Report

Name & Category of the Director	Attendance at meetings during 2012-2013		No. of Directorship in other Companies <sup>@</sup>	No. of Committee Membership & Chairmanship in other Companies <sup>#</sup>
	Board Meetings	At Last AGM held on 21 <sup>st</sup> September, 2012		
B.G. Raghupathy Chairman & Managing Director, Promoter, Executive	4	Yes	11	-
T. Sankaralingam* Managing Director, Executive	2	Yes	3	-
K.Chandrashekhar** Director Projects, Executive	2	N.A.		
V.R. Mahadevan Director – Technologies & HR, Executive	4	Yes	3	-
A. Swaminathan Director – Sales & Marketing, Executive	4	Yes	1	-
Sasikala Raghupathy Director, Non-Executive	3	Yes	9	-
Heinrich Bohmer Director, Independent	3	No	-	-
M. Gopalakrishna Director, Independent	4	No	7	3
S. A. Bohra Director, Independent	4	No	-	-
S. R. Tagat Director, Independent	4	Yes	-	-
Gnana Rajasekaran Director, Independent	4	No	1	1
M. S. Sundara Rajan Director, Independent	4	No	7	3
Swarnamugi Karthik, *** Director – Corporate Strategy, Non-Independent Executive	1	N.A.	8	-

Yes – Present

No – Absent

\* Mr. T. Sankaralingam, Managing Director of the Company relinquished his office with effect from December 31, 2012.

\*\* Mr. K. Chandrashekhar was inducted into the Board with effect from November 01, 2012.

\*\*\* Ms. Swarnamugi Karthik was inducted into the Board with effect from February 08, 2013.

@ Excludes private companies and foreign companies.

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

Mrs. Sasikala Raghupathy is the spouse of Mr. B.G. Raghupathy, Chairman & Managing Director.

The Company has not granted any stock options to any of its Directors or employees during the year under review.

### REMUNERATION OF DIRECTORS

(₹ in Lakhs)

Name of Director	Remuneration		Sitting Fees <sup>*</sup>
	Salary & Allowances	Commission / Bonus / Incentive	
B.G. Raghupathy, Chairman & Managing Director	146.70	1171.86	-
T. Sankaralingam,** Managing Director	95.40	-	-
K.Chandrashekhar, Director – Projects***	40.21	-	-
V.R. Mahadevan, Director – Technologies & HR	89.68	31.88	-
Swarnamugi Karthik, Director – Corporate Strategy***	12.63	-	-

Name of Director	Remuneration		Sitting Fees <sup>*</sup>
	Salary & Allowances	Commission / Bonus / Incentive	
A. Swaminathan, Director - Sales & Marketing	128.45	77.70	-
Sasikala Raghupathy, Director	-	-	0.60
Heinrich Bohmer, Director	-	-	0.80
M. Gopalakrishna, Director	-	-	2.40
S.A. Bohra, Director	-	-	1.80
S.R. Tagat, Director	-	-	1.80
Gnana Rajasekaran, Director	-	-	0.80
M. S. Sundara Rajan, Director	-	-	0.80

## Corporate Governance Report

\* Sitting Fees paid to the Directors includes Board and Committee meetings.

\*\* Mr. T. Sankaralingam, Managing Director of the Company relinquished his office with effect from December 31, 2012.

\*\*\* Mr. K. Chandrashekhar was appointed as Director – Projects, with effect from November 1, 2012 and Ms. Swarnamugi Karthik was appointed as Director – Corporate Strategy with effect from February 8, 2013.

Performance linked incentive payable to Mr. K. Chandrashekhar, Director – Projects is based on the following standards:

- Execution of contracts of the company
- Sales achieved for each financial year
- Achievement of contribution, EBITDA and profit before tax.
- Collection of receivables/debts.
- Completion of project milestones.
- Human resources management.

Performance linked incentive payable to Mr. V.R. Mahadevan, Director - Technologies & HR and Mr. A. Swaminathan, Director - Sales & Marketing is determined by Chairman & Managing Director.

Details of Shares of the Company held by Directors as on March 31, 2013 and Options granted under ESOS 2007 to the Directors held by them as on March 31, 2013 are as below:

Name	Number of Shares	Number of Options (outstanding)
B.G. Raghupathy	1,97,12,160	-
K.Chandrashekhar	-	-
V.R. Mahadevan	716	20,000**
A. Swaminathan	18,000	41,265**
Sasikala Raghupathy	1,15,79,120	-
Heinrich Bohmer	-	-
M. Gopalakrishna	-	-
S.A. Bohra	-	-
S.R. Tagat	135	-
Gnana Rajasekaran	-	-
M. S. Sundara Rajan	-	-
Swarnamugi Karthik*	-	-

\* Ms. Swarnamugi Karthik, was appointed as Whole-time Director on 8th February, 2013.

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

### COMMITTEES OF THE BOARD

The Board constituted the following committees:

#### AUDIT COMMITTEE

The Audit Committee of the Board comprises of three directors. All three members are independent directors and all the members of Audit Committee are financially literate with financial, accounting and audit experience.

The members of the Audit Committee are:

S. R. Tagat	Chairman	Independent Director
M. Gopalakrishna	Member	Independent Director
S. A. Bohra	Member	Independent Director

The Composition of the Audit Committee is in conformity with Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. The Company's Chairman and Managing Director, Chief Financial Officer, Statutory Auditor and Internal Auditors of the Company are permanent invitees to the Audit Committee Meetings. The quorum for Committee Meeting is two members or one third of the total strength of the Committee, whichever is higher. The Committee enables the Board to discharge its responsibility for overseeing accounting, auditing and reporting process and for ensuring legal and regulatory compliance.

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 dealing with Corporate Governance and Section 292A of the Companies Act, 1956.

- Overseeing Company's financial reporting process and disclosure of its financial information.
- Recommendation to the Board for appointment, re-appointment, fixation of remuneration, and if required, the replacement or removal of statutory auditors & cost auditors and fixation of audit fees.
- Approval of payment to statutory auditor for any other services rendered by them.
- Appointment and fixation of remuneration of internal auditors.
- Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing with the management, annual financial statements and all related statements before submission to the Board focusing primarily on:
  - Review in change in accounting policies and practices, reviewing the major accounting entries involving the estimates based on the exercise of judgment by management.
  - Review and discuss on qualifications in the auditors' report, if any.
  - Significant adjustments made in the financial statements arising out of audit.
  - Compliance with listing agreement, accounting standards, internal policies, procedures and methodology.
  - Review of action taken on observation of auditors.
  - Review of disclosure of related party transactions.
  - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
  - Specific suggestions on system/ process improvements based on audit and review.
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems and procedures, report control gaps and recommendations. Discussion with statutory auditors before the commencement of audit about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Discussion with the internal auditors any significant findings and follow up thereon.
- Review of scope of internal audit and structure of internal audit function.
- Review of action taken on observations of auditors.

## Corporate Governance Report

11. Reviewing the findings of any internal investigations by the internal auditors into matters where there is any suspected fraud and irregularities etc., and action taken thereon, failure of internal control systems of a material nature and reporting the matter to the Board.
12. Review of servicing and defaults of institutional and bank loans and debts, to look into the reasons for substantial defaults in payment of dividend to shareholders.
13. Review of Company's financial and Risk Management Policies.
14. Review of all mandatory reports furnished by the Board to the Shareholders.
15. Review of compliance with Tax Laws and review statutory tax compliance.
16. Audit of fixed assets and adequacy of insurance cover.
17. Scrutiny, audit and review of payroll and all labour charges.
18. Review of construction and project activities at project location.
19. Review of financial statements of unlisted subsidiary companies.
20. Any other matter referred to the Audit Committee by the Board of Directors of the Company.

There were 4 (Four) meetings of the Audit Committee held during Financial Year 2012 - 13 on May 29, 2012, August 03, 2012, November 01, 2012 and February 08, 2013.

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

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

The Chairman of the Audit Committee Mr. S.R. Tagat attended the previous Annual General Meeting of the Company held on September 21, 2012.

### COMMITTEE OF DIRECTORS

The Board of Directors at its meeting held on February 08, 2013 reconstituted the Committee of Directors by including Mr. K. Chandrashekhar, Director – Projects as a member of the Committee. The Committee of Directors consists of Mr. B. G. Raghupathy, Chairman & Managing Director, Mr. V. R. Mahadevan, Director – Technologies & HR, Mr. A. Swaminathan, Director – Sales & Marketing, Mr. K. Chandrashekhar, Director – Projects, as Members of the Committee. 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 Financial Year 2012 - 13 on April 30, 2012, May 21, 2012, August 17, 2012, October 10, 2012, December 15, 2012 and January 09, 2013.

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

Name of the Member	No. of Meetings attended
B. G. Raghupathy	6
T. Sankaralingam *	3
K. Chandrashekhar **	N.A.
V. R. Mahadevan	5
A. Swaminathan	4

\*Mr. T. Sankaralingam, Managing Director of the Company relinquished his office with effect from December 31, 2012.

\*\* Mr.K.Chandrashekhar, Director – Projects was inducted into the Committee with effect from February 08, 2013.

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

- a) Borrowing moneys from banks, NBFCs, companies, firms and other institutions by way of overdraft, cash credit, hire purchase, lease, lines of credit or otherwise and hire purchase, leasing, bills discounting and any other form of borrowings; provided that the total amount so borrowed and outstanding at any time shall not exceed Rs.5,000 Crore (Rupees Five Thousand crore) and all such borrowings shall be in the ordinary course of business except hire purchase and lease or the like transactions.
- b) Availment of non-funded facilities viz., Bank guarantees, Letters of Credit, Letters of comfort and any other instruments of like nature from banks and financial institutions; provided that non-funded facilities so availed shall not exceed Rs. 10,000 Crore at any time.
- c) to open, close banking accounts for the Company; and to determine the day to day operations of all banking accounts of the Company and to authorize such persons, as the Committee may determine from time to time, for operating such accounts.
- d) Exercise all powers to borrow moneys (otherwise than by issue of debentures) within the limits approved by the Board and taking necessary actions connected therewith including alternative financing or refinancing for optimization of borrowing costs.
- e) Giving of guarantees / indemnities / counter guarantees / issuing letters of comfort / providing securities within the limits approved by the Board.
- f) Provide corporate guarantee / performance guarantee / indemnity / counter guarantee / counter indemnity by the company in the ordinary course of business.
- g) Carry out any other function as required from time to time and/or enforced by any statutory notification, amendment or modification as may be applicable.
- h) Delegate authorities from time to time to the executives / officers / authorized persons to implement the decisions of the Committee.
- i) Issue and allot equity shares of the Company from time to time pursuant to ESOS 2007 Scheme of the Company and in compliance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, Companies Act, 1956 and all other applicable laws and regulations.
- j) To affix the Common Seal of the Company to any document and instrument in respect of transactions specified hereinabove (a) to (h) in the presence of Mr. B. G. Raghupathy, Chairman & Managing Director or Mr. T. Sankaralingam, Managing Director or Mr. V. R. Mahadevan, Director–Technologies & HR or Mr. A. Swaminathan, Director - Sales & Marketing of the Company wherever necessary and Mr. R. Ramesh Kumar, President – Corporate & Secretary of the Company in terms of Article 68 of the Articles of Association of the Company.

# Corporate Governance Report

## COMPENSATION COMMITTEE

The Compensation Committee was constituted by the Board and the Committee comprises of Mr. B.G. Raghupathy, Chairman of the Committee, Mr. M. Gopalakrishna and Mr. S. A. Bohra, Members of the Committee.

The terms of reference of the Compensation Committee are the administration of the Employee Stock Option Plan of the Company. The quorum for the Committee meetings is two members or one-third of the total strength of the Committee, whichever is higher. The Compensation Committee met twice during the year on August 03, 2012 and February 08, 2013.

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

Name of the Member	No. of Meetings attended
B.G. Raghupathy	2
S.A. Bohra	2
M. Gopalakrishna	2

## SHAREHOLDERS AND INVESTORS GRIEVANCE COMMITTEE

The Shareholders and Investors Grievance Committee was constituted by the Board and the Committee comprises of Mr. M. Gopalakrishna, Chairman of the Committee, Mr. Heinrich Bohmer and Mr. V.R. Mahadevan, Members of the Committee. The Committee reviews and redresses all investors' grievances and complaints in general including non-receipt of dividend warrants, annual report and non-receipt of refund amount in IPO, non-credit of shares allotted in IPO and others.

During the Financial Year, the Company received 75 complaints from Investors / Shareholders. All the complaints were attended to as per applicable guidelines and regulations. There are 2 complaints pending before District Consumer Forum and 1 complaint pending before a Civil Court. As at March 31, 2013, there were no pending share transfers. The Committee met twice during the year on August 03, 2012 and February 08, 2013 and reviewed the status of pending investor complaints and steps taken by the Company.

Securities and Exchange Board of India (SEBI) vide its circular dated June 03, 2011, has commenced the processing of investor complaints in a centralized web based complaints redress system through SEBI Complaint Redress System ("SCORES"). Pursuant to this circular, all the complaints pertaining to the company are sent electronically through SCORES. The Company views and submits Action Taken Reports ("ATRs") along with the supporting documents electronically in SCORES.

The number of meetings attended by each member of the Shareholders and Investors Grievance Committee is as follows:

Name of the Member	No. of Meetings attended
M. Gopalakrishna	2
Heinrich Bohmer	2
V.R. Mahadevan	2

## SHARE TRANSFER COMMITTEE

The Share Transfer Committee of the Company consists of Mr. B. G. Raghupathy, Chairman & Managing Director, Mr. S.R. Tagat, Director and Mr. V. R. Mahadevan, Director – Technologies & HR, as members of the Committee.

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

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

Mr. R. Ramesh Kumar, President – Corporate & Secretary acts as the Secretary to all the Board Committees and is required to cause compliance with the Companies Act, 1956, Securities Law, Listing Agreement and the relevant and applicable laws and regulations.

## GENERAL BODY MEETINGS

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

Financial Year	Date	Time	Venue
2011 – 12	September 21, 2012	3.00 P.M.	Registered Office
2010 – 11	September 22, 2011	3.00 P.M.	Registered Office
2009 – 10	September 24, 2010	3.00 P.M.	Registered Office

- Special resolution passed through postal ballot –

No special resolution was passed through postal ballot during the Financial Year 2012-13. None of the business proposed to be transacted in the ensuing Annual General Meeting require passing a special resolution through postal ballot.

## CODE OF CONDUCT

The Board of Directors has adopted a code of conduct, applicable to directors and to employees of the Company. This has been posted on the Company's website [www.bgrcorp.com](http://www.bgrcorp.com) for strict compliance. All Board members and Senior Management Personnel have affirmed compliance of the code. The declaration by the Chairman & 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, 2013 is given below.

## 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, 2013.

Place : Singapore  
Date : May 29, 2013

**B. G. RAGHUPATHY**  
Chairman & Managing Director

# Corporate Governance Report

## SUBSIDIARY COMPANIES

The Company has the following subsidiary companies;

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

None of the subsidiaries is a material non-listed subsidiary, whose turnover or net worth (i.e.,) Paid-up capital & free reserves, exceeds 20% of the consolidated turnover or net worth respectively, of the Company and its subsidiary in the immediately preceding accounting year ended March 31, 2013.

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

- a) The financial statements, in particular the investment made by the unlisted subsidiary companies, are reviewed by the Audit Committee as well as by the Board.
- b) The minutes of Board meetings of the subsidiaries are placed and noted at the Board meetings of the Company.
- c) The progress reports of capital projects currently executed by two subsidiaries namely BGR Boilers Private Limited and BGR Turbines Company Private Limited are placed before the Board for review, control and monitoring.

## DISCLOSURES

### Risk Management

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

### Related Party Transactions (₹ in Lakhs)

Particulars	Subsidiary Companies	Other Companies	Key Management Personnel	Relatives	For the year ended 31.03.2013	For the year ended 31.03.2012
Sales	-	6454	-	-	6454	6716
Purchases	52	3995	-	-	4047	2322
Advances given	13997	231	-	-	14228	-
Repayment of Advance given	-	4	-	-	4	2438
Investment made	12787	-	-	-	12787	9905
Remuneration	-	-	1794	30	1824	2241
Rent Expenses	5	115	45	-	165	122
Guarantees	208	661	-	-	869	502
Purchase of Asset	-	16	-	-	16	9
Sale of Asset	31	-	-	-	31	111
Others	-	-	25	-	25	14
Balance Outstanding	14847	2368	(3)	-	17212	3766

## COMPLIANCE WITH SECURITIES LAWS

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

## RECONCILIATION OF SHARE CAPITAL AUDIT

A qualified Practicing Company Secretary carries out reconciliation of share capital audit to reconcile the total admitted capital with National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Limited ("CDSL") with the total issued, paid-up and listed capital. The reconciliation of share capital audit report confirms that the total issued / paid-up / listed capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL. This audit is carried out every quarter and the report thereon is submitted to the stock exchanges.

## COMMUNICATION

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

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

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

## GENERAL SHAREHOLDER INFORMATION

### Day, date, time and venue of the 27<sup>th</sup> Annual General Meeting:

AGM Date	:	September 25, 2013
Time & Venue	:	3.00 P.M.
		Registered Office : A-5, Pannamgadu Industrial Estate, Ramapuram Post, Sullurpet Taluk, Nellore District, Andhra Pradesh 524 401.

As required under Clause 49 (IV)(G)(i) of the Listing Agreement with the Stock Exchanges, particulars of Directors seeking appointment / re-appointment at the forthcoming annual general meeting are given hereunder:

### Profile of Directors seeking appointment/re-appointment:

- i) Mrs. Sasikala Raghupathy has been associated with your Company as a Director since its incorporation. Mrs. Sasikala Raghupathy holds 1,15,79,120 shares in the equity share capital of the Company. Mrs. Sasikala Raghupathy



## Corporate Governance Report

is a relative of Mr. B.G. Raghupathy and Ms. Swarnamugi Karthik, Directors. Mrs. Sasikala Raghupathy does not hold membership in any Committee and she holds directorship in the following companies:

Sl. No.	Name of the Companies
1.	BGR Aquaatech India Limited
2.	Sasikala Estate Private Limited
3.	Menmai Estate Private Limited
4.	BGR Investment Holdings Company Limited
5.	Priya Securities Private Limited
6.	Vani Securities Private Limited
7.	Arjun Securities Private Limited
8.	BGR Power Limited
9.	ANI Constructions Private Limited
10.	Mega Funds India Limited
11.	GEA BGR Energy System India Limited
12.	BGR Turbines Company Private Limited
13.	BGR Boilers Private Limited
14.	BGR Odisha Powergen Limited
15.	Accord Foundations Private Limited
16.	BGR Finance and Capital India Limited
17.	BGR Estate Holdings Limited
18.	Vaani Estates Private Limited
19.	Arjun Govin Estate Private Limited
20.	Sravanaa Properties Limited

ii) Mr. Heinrich Bohmer is an independent director on the Board of your Company. Mr. Heinrich Bohmer is a diploma holder in Mechanical Engineering from the Technical academy in Duisburg, Germany. He was inducted into the Board as independent director of the Company on July 18, 2007. He has been involved in research and development, design and sales departments in various power and chemical industries. Prior to joining the company's Board, he established EVU GmbH, an engineering company and retired as the Managing Director of Taprogge – MWD GmbH, Germany. Mr. Heinrich Bohmer does not hold share in the Company. Mr. Heinrich Bohmer is a member of Shareholders and Investors Grievance Committee of the Company. Mr. Heinrich Bohmer does not hold directorship in any other company.

iii) Mr. A.Swaminathan holds a bachelor's degree in Technology in Mechanical Engineering from the Indian Institute of Technology, Mumbai. Mr. Swaminathan has joined the Company in May, 1997 and working for the company for more than 15 years and contributed immensely in making the Company as market leader in Balance of Plant segment business in India and company's strategic foray in Engineering, Procurement and Construction segment business and was heading the Power projects division of the Company as President & CEO before

elevated as Director-Sales & Marketing. Prior to joining the Company, Mr. Swaminathan served TATA Power Limited as General Manager - Projects and has more than three decades of overall experience in design, engineering, construction, erection, commissioning, operation and maintenance of power projects. He holds directorship in Cuddalore Powergen Corporation Limited and BGR Boilers Private Limited. He holds 18000 shares in the Company and he is a member of Committee of Directors of the Company.

iv) Mr. K. Chandrashekhar is a Master of Technology in Electrical Engineering (Machines) from the Indian Institute of Technology, Banaras, Varanasi. Mr. K. Chandrashekhar has previously worked in power sector industry in various capacities for more than 34 years. Prior to joining the Company, Mr. K. Chandrashekhar was working as Chief Project Director with Reliance Power Limited and he also held very senior positions with GDF Suez Energy International MEA, Tata Power, Essar Power, NTPC and other companies in the power sector. Mr. K. Chandrashekhar has rich experience in business development, techno-commercial project appraisal, risk analysis, investment decisions, project development & management, dealing with local environment and other related agencies essential for the project approvals. Mr. K. Chandrashekhar does not hold any shares in the Company and he is on the Board of BGR Odisha Powergen Limited. He is a member of the Committee of Directors of the Company.

v) Ms. Swarnamugi Karthik is an Engineering Graduate from the University of Madras and holds a post graduate qualification in Embedded Systems. She was inducted into the company in 2005 as Executive Assistant to the President and worked her way up in project execution. She has been involved in central procurement, corporate monitoring and business strategies. She is responsible to formulate strategies and for creating environment to enable operational excellence, productivity, strategic planning and achievement of corporate goals. Ms. Swarnamugi Karthik is the daughter of Mr. B.G. Raghupathy, Chairman & Managing Director and Mrs. Sasikala Raghupathy, Director.

Ms. Swarnamugi Karthik does not hold any shares in the Company and she does not hold membership in any Committee and she holds directorship in the following companies:

Sl. No.	Name of the Companies
1.	Sravanaa Properties Limited
2.	Progen Systems and Technologies Limited
3.	Accord Foundations Private Limited
4.	BGR Odisha Powergen Limited
5.	BGR Flagsol Solar Power India Private Limited
6.	Cuddalore Powergen Corporation Limited
7.	ANI Constructions Private Limited
8.	BGR Estate Holdings Limited
9.	GEA BGR Energy System India Limited
10.	BGR Power Limited
11.	BGR Investment Holdings Company Limited

## Corporate Governance Report

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

Financial Year	: April 01, 2012 to March 31, 2013
Publication of financial results	: Unaudited Results for the quarter ending June 30, 2012 – August 04, 2012. Unaudited Results for the quarter and half year ending September 30, 2012 – November 02, 2012. Unaudited Results for the quarter and nine months ending December 31, 2012 – February 09, 2013. Audited Results for the year ending March 31, 2013 – May 30, 2013.
Dividend Payment Date	: On or before 30th September, 2013
Dates of Book closure	: September 19, 2013 to September 25, 2013
Listing on Stock Exchanges	: National Stock Exchange of India Limited BSE Limited The listing fees for the Financial Year 2013 - 14 have been paid to the above stock exchanges.
Stock Code	: National Stock Exchange of India Limited – BGREENERGY BSE Limited – 532930
Demat ISIN	: INE661I01014

### STOCK MARKET PRICE DATA & STOCK PERFORMANCE IN BSE:

Month	BSE		SENSEX	
	High (₹)	Low (₹)	High	Low
Apr-12	369.10	322.90	17664	17010
May-12	338.85	275.00	17432	15809
Jun-12	307.90	265.30	17448	15748
Jul-12	319.55	258.95	17631	16598
Aug-12	289.65	251.00	17972	17026
Sep-12	287.65	252.10	18869	17250
Oct-12	297.40	259.35	19137	18393
Nov-12	280.00	255.60	19372	18255
Dec-12	280.00	257.90	19612	19149
Jan-13	274.20	237.95	20203	19508
Feb-13	247.15	199.50	19966	18793
Mar-13	242.00	176.00	19754	18568

### DETAILS OF SHARES HELD IN SUSPENSE ACCOUNT

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

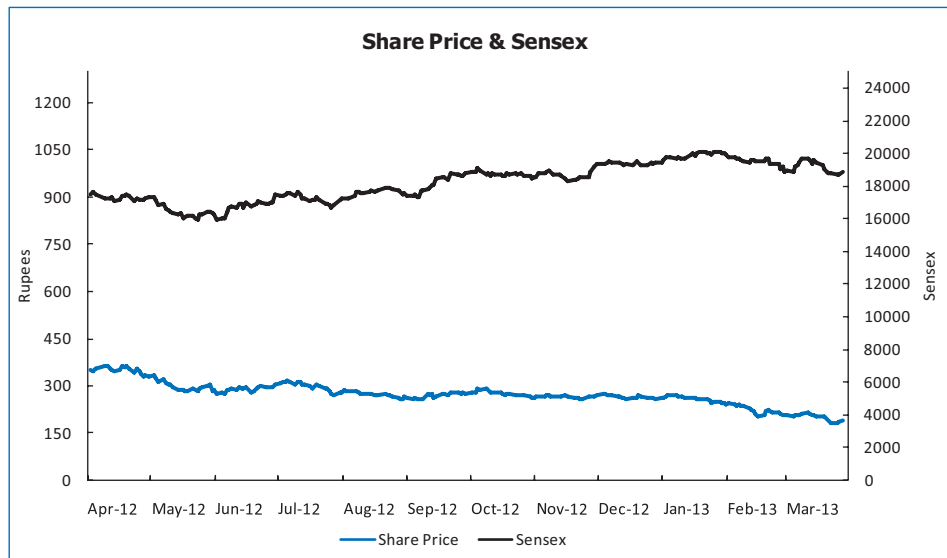
The voting rights in respect of the above shares held in suspense account shall remain frozen till the rightful owner of such shares claims the shares.

### STOCK MARKET PRICE DATA & STOCK PERFORMANCE IN NSE:

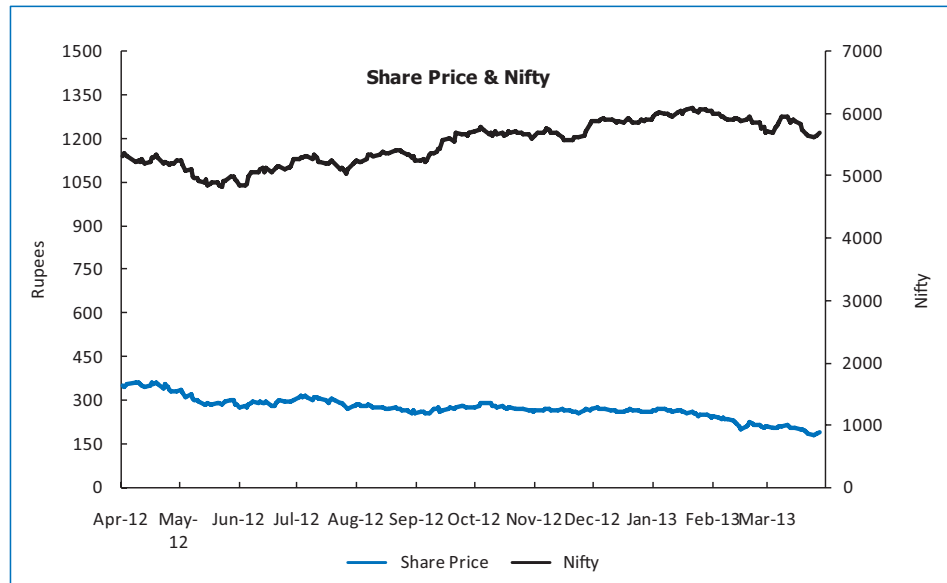
Month	NSE		NIFTY	
	High (₹)	Low (₹)	High	Low
Apr-12	378.45	322.50	5378	5154
May-12	338.85	275.05	5279	4788
Jun-12	307.90	265.15	5286	4770
Jul-12	319.70	266.05	5348	5032
Aug-12	289.70	251.80	5448	5164
Sep-12	287.80	250.10	5735	5215
Oct-12	298.35	259.00	5815	4888
Nov-12	282.40	255.00	5885	5548
Dec-12	298.40	255.00	5965	5823
Jan-13	274.00	238.25	6111	5935
Feb-13	247.95	199.10	6052	5671
Mar-13	215.65	175.60	5971	5604

# Corporate Governance Report

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



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



## REGISTRAR AND SHARE TRANSFER AGENT:

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

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

## SHARE TRANSFER SYSTEM

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

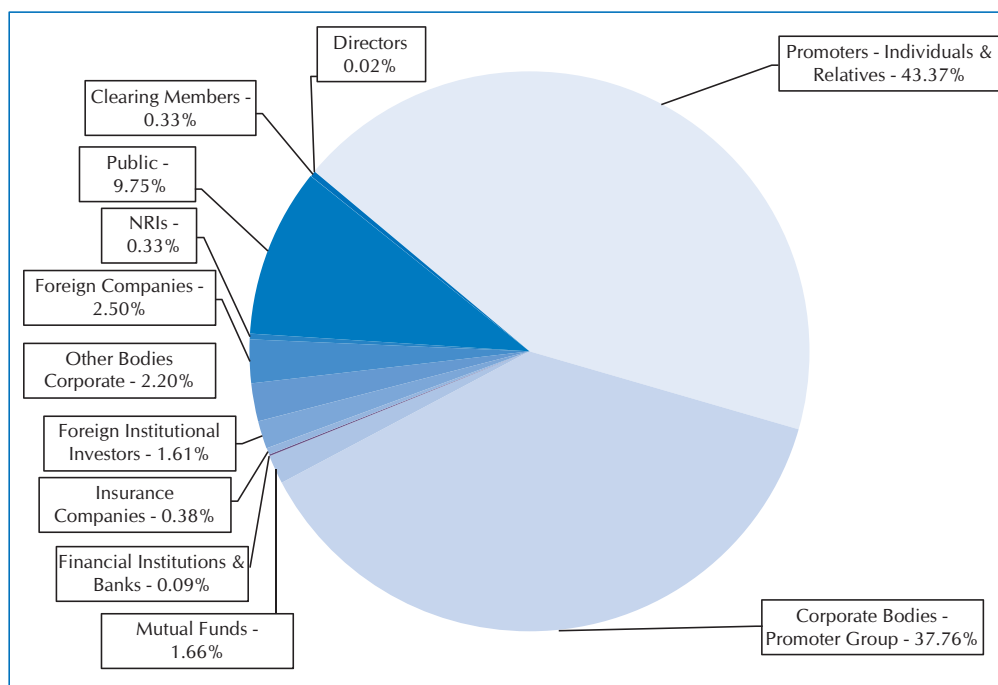
# Corporate Governance Report

## DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2013

Shareholding	No. of Shareholders	% of total	No. of Shares	% of total
1 – 500	113239	98.33	4971990	6.89
501 – 1000	1163	1.01	891134	1.24
1001 – 2000	416	0.36	600329	0.83
2001 – 3000	121	0.11	301561	0.42
3001 – 4000	51	0.04	181428	0.25
4001 – 5000	38	0.03	174390	0.24
5001 – 10000	62	0.05	420927	0.58
10001 and above	68	0.07	64619801	89.55
<b>TOTAL</b>	<b>115158</b>	<b>100</b>	<b>72161560</b>	<b>100</b>

## SHAREHOLDING PATTERN AS ON MARCH 31, 2013

Sl No	Category	Shares	Holders	Percent
1.	Promoters - Individuals & Relatives	31295600	3	43.37
2.	Corporate Bodies - Promoter Group	27248400	4	37.76
3.	Mutual Funds	1195615	4	1.66
4.	Financial Institutions & Banks	66223	6	0.09
5.	Insurance Companies	275989	2	0.38
6.	Foreign Institutional Investors	1162277	23	1.61
7.	Other Bodies Corporate	1584913	894	2.20
8.	Foreign Companies	1804057	2	2.50
9.	NRIs	237615	973	0.33
10.	Trusts	198	3	0.00
11.	Public	7032820	112912	9.75
12.	Clearing Members	239002	329	0.33
13.	Directors	18851	3	0.02
	<b>Total</b>	<b>72161560</b>	<b>115158</b>	<b>100</b>



## DEMATERIALIZATION OF SHARES AND LIQUIDITY

The Company's shares are compulsorily traded in dematerialised form and are available for trading on both the depositories, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on March 31, 2013, except 916 equity shares, the remaining entire paid up equity share capital was held in dematerialisation form of which NSDL constitutes 95.84% and CDSL constitutes 4.16%. The ISIN of the Company's equity shares is INE661I01014. The Shares of the Company are actively traded in National Stock Exchange of India Limited and BSE Limited.

### Outstanding GDRs/ADRs

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

## Corporate Governance Report

- Plant Locations : 1. 171, Panjetty Village, Ponneri Taluk, Ponneri, Tamil Nadu.  
2. Survey No. 167/1 & 173, Thurai Nallur Village, Pudukkottai Arni Road, Pudukkottai Post, Ponneri Taluk, Tiruvallur District.
- Major Project Locations : 1. 1 x 600 MW coal based Thermal Power Plant of TNEB at Mettur, Tamil Nadu.  
2. 2 x 600 MW coal based Thermal Power Plant of RRVUNL at Kalisindh, Jhalawar, Rajasthan.  
3. 2 x 500 MW coal based Thermal Power Plant of MAHAGENCO at Chandrapur, Maharashtra.  
4. 2 x 500 MW coal based Thermal Power Plant of MAHAGENCO at Marwa, Chhattisgarh.  
5. 2 x 660 MW coal based Thermal Power Plant of Thermal Powertech Corporation of India Limited at Krishnapatnam, Andhra Pradesh.  
6. 2 X 300 MW coal based Thermal Power Plant of TRN Energy Private Limited; at Nawapara, Chhattisgarh.

### Name of the Compliance Officer and Address for Correspondence

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](mailto:investors@bgrenergy.com)

### VOLUNTARY CORPORATE GUIDELINES

During the year, the Company has taken up for implementation the Corporate Social Responsibility Voluntary Guidelines, 2009 and Corporate Governance Voluntary Guidelines, 2009 issued by the Ministry of Corporate Affairs.

### NON MANDATORY REQUIREMENTS

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

### REQUEST TO INVESTORS

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

For and on behalf of the Board of Directors

Place : Singapore  
Date : May 29, 2013

**B. G. RAGHUPATHY**  
Chairman & Managing Director

## CEO and CFO Certification

### CEO / CFO CERTIFICATION

To the Board of Directors

#### BGR ENERGY SYSTEMS LIMITED

We, B.G. Raghupathy, Chairman & Managing Director and P.R. Easwar Kumar, President & Chief Financial Officer of BGR Energy Systems Limited to the best of our knowledge and belief certify that;

- a) We have reviewed financial statements and the Cash flow Statement of the Company for the year 2012 – 13:
  - i) these financial statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) these financial statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c) We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit Committee :
  - i) significant changes in internal control over financial reporting during the year.
  - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

#### B.G. RAGHUPATHY

Chairman & Managing Director

Place : Singapore

Date : May 29, 2013

#### P.R. EASWAR KUMAR

President & Chief Financial Officer

Place : Chennai

Date : May 29, 2013

## Auditors' Certificate

To

The Members of **BGR Energy Systems Limited**

We have examined the compliance of conditions of Corporate Governance by BGR Energy Systems Limited (hereinafter referred to as "the Company"), for the year ended March 31, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was 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 the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

For **MANOHAR CHOWDHRY & ASSOCIATES**

Chartered Accountants

Firm Registration No. 001997S

**M. S. N. M. SANTOSH**

Partner

Membership No. 221916

Place : Chennai

Date : May 29, 2013

# Management Discussion & Analysis

## 1. HIGHLIGHTS OF FY 2012-13

During the year the Company has received Notification of Award from NTPC/DVC for supply of 6 units of 660 MW Super Critical Steam Generator (Boiler) to Solapur, Meja and Raghunathpur power stations. The company received a Notification of Award for supply of 2 x 800 MW Steam Turbines and Generators to Lara project.

In November, 2012 the Company has signed a MOU with Government of Tamil Nadu to facilitate setting up of manufacturing facilities (under JV with Hitachi Power Europe, Germany and Hitachi Limited, Japan) for Boiler and Turbine units and to secure package of concessions from the State Government.

## 2. INDUSTRY OUTLOOK

The Indian power sector is making slow but steady progress even with peak power deficit of 9% (around 12,000 MW) in 2012-13 and continuing concerns on environment, land and fuel availability. Only a total of 20,662 MW of generation capacity was added during the past year including 15,154 MW based on thermal source.

During the year under review, there has been a drastic slow-down in new project announcement and delays in award of contracts for large power projects by Central and State utilities and Independent power producers on account of variety of reasons including non-availability of natural gas, coal linkage, abnormal increase in price of imported coal, land acquisition, environmental clearance and poor financial health of State Discoms. These factors adversely affected the economics of power generation, which in turn has drastically reduced the market potential for power plant EPC contractors and equipment manufacturers in the last fiscal year. This is the 3rd year in a row where orders from IPP and State utilities have been deferred.

The Government of India, State and Central utilities continue to give greater importance of adopting Super critical technology in all fossil fuel based power plants to ensure high efficiencies and lower emission. In 12th plan period, around 30% of the targeted coal based power projects will be based on Super critical technology and in the 13th plan period (2017-2022) all coal based projects are likely to be based on super critical technology.

On the policy front, Government of India has taken steps for speedy clearance for greenfield projects, Financial restructuring scheme for discoms, introduction of compensation tariff packages, pooling of domestic and imported coal prices. These steps are expected to revive investment in new capacities in the coming years.

In supercritical technology based power projects, Engineering, Procurement and Construction ("EPC") route is expected to be the preferred route. It is also expected that clients will prefer BOP Package over the multiple package route on account of the inherent advantages in dealing with single vendor instead of multiple vendors.

With government thrust on formulating policies to facilitate investments in power generation super critical technologies expected to become the order of the day and experience gained after execution on turnkey super critical projects, we expect good order flow from the power sector in coming years.

## 3. OPERATIONAL PERFORMANCE

The BoP, EPC and Construction segment has achieved a turnover of Rs. 2868 crores. The Capital Goods Segment

registered a turnover of Rs. 239 crores during the financial year 2012-13.

As regards EPC contract of 1 x 600 MW Mettur TPS for TANGEDCO, synchronization is completed and full load achieved with coal firing.

The project progress with respect to BoP contracts of 2 x 500 MW Marwa TPP (CSPGCL), 2 x 500 MW Chandrapur STPS (MAHAGENCO) and EPC contract of 2 x 600 MW Kalisindh STPS (RRVUNL) are satisfactory and commissioning is expected during FY '14. Progress on 2 x 660 MW Krishnapatnam TPP (TPCIL) is as per schedule and commissioning is expected during FY '15.

During the year, execution of EPC contract of 2 x 300 MW TPP (TRN Energy) has commenced. The design engineering work for NTPC Projects are progressing well. The Package orders for Long lead items have also reached substantial progress. The site work for Solapur and Meja projects have commenced.

Being an EPC Organisation, Project Management is of paramount importance and therefore, this year, we had substantially strengthened our project management teams through induction of senior level resources. The company has augmented various resources required for timely completion of contracts including equipments and manpower.

Despite tough market conditions, Air Fin Cooler division maintained the turnover achieved during FY 2011-12 with a significant jump in profit by 24% compared to last year. New orders booked during the year were Rs. 112 crores including first orders received from various Middle East and Europe based EPC customers. Despite slowing growth in world markets, the division has drawn up plans to maintain its growth momentum during FY 2013-14 with specific focus on replacement market and spares supply opportunities in India and export orders from Middle East and Europe.

The progress on the NPCIL contract being executed by Electrical Project Division (EPD) is satisfactory. The OPGW market holds good opportunity for the next 3-4 years and EPD is aggressively positioning itself to bag sizable orders during FY '14. EPD has taken steps to qualify for eBoP projects including EHV switchyards for Ultra Mega Power projects.

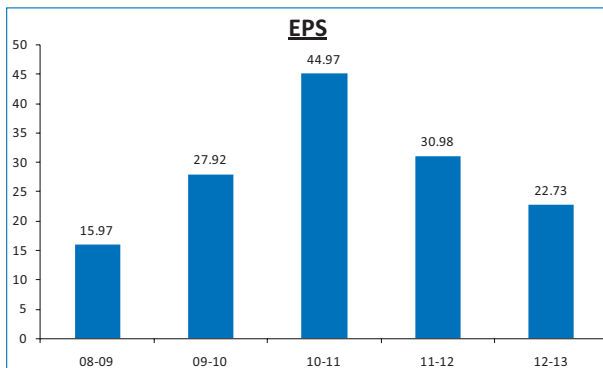
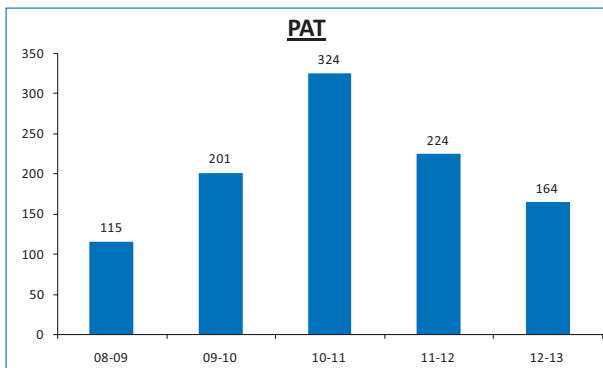
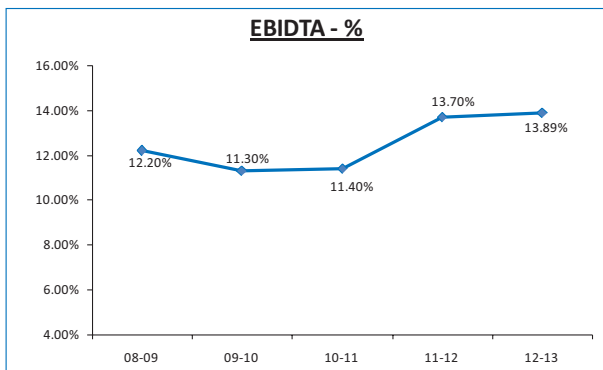
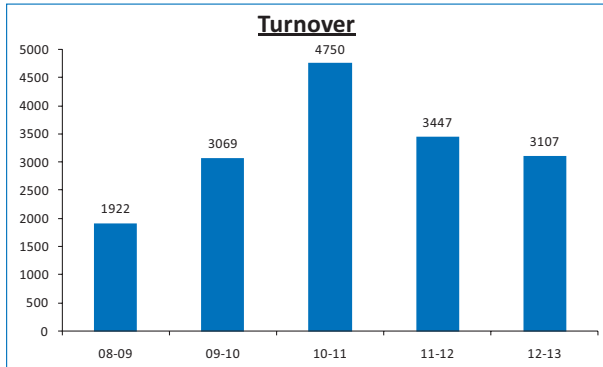
Environmental Engineering Division booked orders for Rs. 68 crores during FY 2012-13, registering a growth of 88% over last financial year.

## 4. FINANCIAL PERFORMANCE

Description	Unit	FY 12-13	FY 11-12
Income from Operations	₹ Crore	3107	3447
EBIDTA	₹ Crore	432	473
EBIDTA	%	13.89	13.72
PBT	₹ Crore	245	327
PAT	₹ Crore	164	224
Networth	₹ Crore	1279*	1115
PBT Ratio	%	7.9	9.48
PAT Ratio	%	5.28	6.48
Return on Networth	%	12.83	20.05
Employee Cost to Turnover	%	6.33	4.96
Overheads to Turnover	%	4.13	3.49
Interest Cost to Turnover	%	5.59	3.93

\* Before appropriation

# Management Discussion & Analysis



## 5. STRENGTH AND OPPORTUNITIES

- Track record of successful execution of large EPC and BoP contracts
- In-house design and engineering capability
- In-house packages and equipments
- Capability to manage multiple projects simultaneously
- Professional management and expertise in project management
- Cost Competitiveness
- Setting up domestic manufacturing facility for super critical Boiler, Turbine and Generator in joint venture with Hitachi.

## 6. INTERNAL CONTROL SYSTEMS

As part of the 4 tier audit system, the company has in-house experienced Systems Auditor and Works auditor. For each division an external firm of auditors carries out internal audit. For the Power Projects division, for each order, a separate external audit firm carries out internal audit on monthly basis. Detailed audit plan is documented and scope reviewed every year to include all key areas and a well defined audit plan is rolled out for each year. This is approved by the Audit Committee. In addition, all payments are subjected to pre-audit by an external audit team. The statutory auditors carry out required checks and review the entire audit and control system. The Chairman of Audit committee and the Finance Department review the reports of the internal auditors, pre-auditors and in-house auditors in detail every quarter and a time bound action plan is implemented to set right the audit observations and issues. A summary of key audit observations and action taken is submitted to the audit committee once every quarter. The present internal control and audit systems are considered to be adequate.

## 7. RISK MANAGEMENT

The company has a documented Standard Operating Systems and Procedures (SOSP). The business of the Company encompasses design at offices, manufacturing at factories and project sites, civil and mechanical construction, erection of machineries and commissioning. These activities have inherent and natural risks. The SOSP mandates concerned officers of the company to identify and take advance and mitigative steps to manage these risks. The Audit committee regularly reviews steps taken by the Company to address and manage operating and financial risks. Committees have been formed for approving submission of Bids to customers. This committee comprises of senior officers from Technical, Commercial, Finance and Marketing Functions and they analyse risks attached and take effective mitigation measures before submission of bids.

## 8. HUMAN RESOURCE DEVELOPMENT

The focussed effort of talent building over the last few years have yielded very good results and the company has in place a strong team of experienced and competent professionals. The Company has also successfully established an effective performance driven culture which will motivate the employees to perform better. The focus during the financial year under review was towards nurturing and equipping the talent pool to manage bigger challenges in the coming years by providing them with adequate training in technical and behavioural areas. The manpower strength of the Company as on 31<sup>st</sup> March 2013 was 2418.



# Independent Auditors' Report

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

## Report on the Financial Statements

We have audited the accompanying financial statements of **BGR ENERGY SYSTEMS LIMITED** ("the Company"), which comprises the Balance sheet as at March 31, 2013 and the Statement of Profit and Loss, and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give

a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the Statement of Profit and Loss, 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.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - e) On the basis of written representations received from the directors as on March 31, 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **MANOHAR CHOWDHRY & ASSOCIATES**  
Chartered Accountants  
Firm Registration No. 001997S

**G.R. HARI**  
Partner

Place : Chennai  
Date : May 29, 2013

Membership No. 206386

# Independent Auditors' Report

## ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

Annexure referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of the Independent Auditors' Report to the Members of **BGR ENERGY SYSTEMS LIMITED** for the year ended March 31, 2013. We report that:

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Company has 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 were not substantial and therefore, do not affect the going concern assumption.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year;
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business; and
- (c) The company is maintaining proper records of inventory. There are no material discrepancies noticed on physical verification between book stock and physical stock.
- (iii) (a) The company has granted interest free unsecured loans to 11 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 ₹ 3,149.62 lakhs and ₹ 2,552.95 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;
- (e) According to the information and explanations given to us, the company has not availed any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. In view of the foregoing, the question of reporting on Clauses 4(iii)(f) and 4(iii)(g) of the said Order does not arise.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory,

fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in aforesaid internal control system.

- (v) (a) As per the information and explanation furnished by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained u/s. 301 have been entered; 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 the size of the company and nature of its business.
- (viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) (a) In our opinion and according to the information given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Profession Tax, Income-tax, Sales-tax, Value Added Tax, Works Contract Tax, Wealth Tax, Service tax, Customs Duty, Excise Duty, Cess and other statutory dues have generally been regularly deposited during the year by the company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund.  
  
According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Profession Tax, Income-tax, Sales-tax, Value Added Tax, Works Contract Tax, Wealth Tax, Service tax, Customs Duty, Excise Duty, Cess were in arrears as at March 31, 2013 for a period of more than six months from the date they became payable; and
- (b) As per the information and explanations given to us, the following are the details of disputed statutory dues and the forum in which they are pending:

## Independent Auditors' Report

Financial year	Amount ₹ in lakhs	Type of statutory dues	Forum in which the Appeal is lying in
1997-98	39.23	Central Sales Tax	Honorable High Court, Andhra Pradesh.
1998-99	0.12	Sales Tax	Commercial Tax officer, Andhra Pradesh.
1999-00	0.11	Sales Tax	Commercial Tax officer, Tamilnadu.
2001-02	2.21	Sales Tax	Sales Tax Appellate Tribunal, Chennai, Tamilnadu.
2004-05	5.57	Central Sales Tax	Sales Tax Appellate Tribunal, Vishakapatnam, Andhra Pradesh.
2006-07	2.59	Sales Tax	Sales Tax Appellate Tribunal, Vishakapatnam, Andhra Pradesh.
2006-07	157.14	Central Sales Tax	Appellate Deputy Commissioner, Kancheepuram, Tamilnadu.
2006-07	2,915.49	Income Tax	Income Tax Appellate Tribunal, Hyderabad, Andhra Pradesh.
2007-08	7.43	Sales Tax	Sales Tax Appellate Tribunal, Vishakapatnam, Andhra Pradesh.
2007-08	420.37	Central Sales Tax	Appellate Deputy Commissioner, Kancheepuram, Tamilnadu. Stay has been granted by the Appellate Deputy Commissioner (CT)-V (FAC), Kanchipuram, Tamilnadu to the tune of ₹ 210.18 lakhs.
2007-08	3,779.69	Income Tax	Income Tax Appellate Tribunal, Hyderabad, Andhra Pradesh
2007-08	36.91	Service Tax	CESTAT, Chennai, Tamilnadu.
2006-07, 2007-08 & 2008-09	3,179.83	Sales Tax	Assistant Commissioner (CT) LTU, Nellore, Andhra Pradesh. Interim suspension has been granted by the High Court of Andhra Pradesh.
2008-09	389.54	Central Sales Tax	Appellate Deputy Commissioner, Kancheepuram, Tamilnadu.
2008-09	23.67	Entry Tax	Deputy Commissioner (Appeals), Ajmer, Rajasthan.
2008-09	4,799.66	Income Tax	Income Tax Appellate Tribunal, Hyderabad, Andhra Pradesh.
2009-10	11,550.45	Income Tax	Commissioner of Income Tax (Appeals), Guntur, Andhra Pradesh.
2009-10	2,400.10	Royalty	Office of Assistant Mining Engineer, Rajasthan. Stay has been granted by the Jaipur Bench, Rajasthan High Court.
2010-11	1,926.45	Royalty	Office of Tahsildar, Saoner, Maharashtra. Stay has been granted by the Nagpur Bench, Bombay High Court.
2010-11	211.45	Royalty	Office of Tahsildar, Chandrapur, Maharashtra. Stay has been granted by the Nagpur Bench, Bombay High Court.
<b>Total</b>	<b>31,848.01</b>		

- (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) According to the information and explanation given to us and on the basis of our examination of the books of account, the company has not defaulted in repayment of dues to any financial institution or banks.
- (xii) In our opinion and according to information and 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) The Company has not availed any term loans during the year. As per the information and explanations provided to us and on basis of our examination of books of account, we are of the opinion that the existing term loan was applied for the purpose for which the same was availed.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet, 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 not raised any monies by way of public issue during the year.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For **MANOHAR CHOWDHRY & ASSOCIATES**  
Chartered Accountants  
Firm Registration No. 001997S

**G.R. HARI**  
Partner

Place : Chennai  
Date : May 29, 2013

Membership No. 206386

# Balance Sheet

₹ in Lakhs

	Note No.	As at March 31, 2013	As at March 31, 2012
<b>EQUITY AND LIABILITIES</b>			
Shareholders' Funds			
Share Capital	1	7216	7216
Reserves and Surplus	2	114738	104241
<b>Non-Current Liabilities</b>			
Long Term Borrowings	3	1309	4242
Deferred Tax Liabilities (Net)	40	42427	40135
Other Long-Term Liabilities	4	84057	65121
Long Term Provisions	5	22195	20446
<b>Current Liabilities</b>			
Short-Term Borrowings	6	218800	170257
Trade Payables	7	105025	130844
Other Current Liabilities	8	45149	36194
Short-Term Provisions	9	7013	6545
<b>TOTAL</b>		<b>647929</b>	<b>585241</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
Tangible Assets	10	19173	18389
Intangible Assets	10	1120	1001
Capital Work-In-Progress		735	451
Non-Current Investments	11	36371	23585
Long Term Loans And Advances	12	24950	25860
Other Non Current Assets	13	59555	68858
<b>Current Assets</b>			
Inventories	14	2989	2956
Trade Receivables	15	286000	261559
Cash And Bank Balances	16	91516	75823
Short Term Loans And Advances	17	45572	52472
Other Current Assets	18	79948	54287
<b>TOTAL</b>		<b>647929</b>	<b>585241</b>
Significant Accounting Policies			
Notes To Financial Statements	1 to 46		

**V.R.MAHADEVAN**  
Director - Technologies & HR

**SWARNAMUGI KARTHIK**  
Director - Corporate Strategy

**K. CHANDRASHEKHAR**  
Director - Projects

**S.R.TAGAT**  
Director

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

**M. GOPALAKRISHNA**  
Director

**M.S. SUNDARA RAJAN**  
Director

**S.A.BOHRA**  
Director

**GNANA RAJASEKARAN**  
Director

**G.R. HARI**  
Partner  
Membership No.206386

**HEINRICH BOHMER**  
Director

**R.RAMESHKUMAR**  
President - Corporate &  
Secretary

**P.R.EASWAR KUMAR**  
President &  
Chief Financial Officer

Chennai  
May 29, 2013

**B.G.RAGHUPATHY**  
Chairman &  
Managing Director

**SASIKALA RAGHUPATHY**  
Director

Singapore  
May 29, 2013

## Statement of Profit and Loss

₹ in Lakhs

	Note No.	for the year ended March 31, 2013	for the year ended March 31, 2012
Revenue From Operations	19	310717	344705
Other Income	20	544	526
<b>TOTAL REVENUE</b>		<b>311261</b>	<b>345231</b>
Expenses			
Cost of Material Consumed	21	169336	217279
Cost of manufacturing & construction	22	60033	44756
Other Direct Cost	23	6267	6196
(Increase) / Decrease In Work In Progress		(647)	17
Employee Benefits Expense	24	19631	17105
Finance Costs	25	17471	13542
Depreciation, Impairment And Amortization Expense	26	1857	1611
Other Expenses	27	12763	12042
<b>TOTAL EXPENSES</b>		<b>286711</b>	<b>312548</b>
Profit Before Tax		24550	32683
<b>TAX EXPENSES:</b>			
Current Tax (Refer Note 44(B))		5891	6511
MAT Credit Entitlement		-	(5147)
Deferred Tax		2292	8967
Profit for the year		16367	22352
Earnings per equity share of face value of ₹ 10 each			
(1) Basic ( in ₹ )	28	22.68	30.98
(2) Diluted ( in ₹ )		22.68	30.98
Significant accounting policies			
Notes to financial statements	1 to 46		

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Singapore  
May 29, 2013

## Cash Flow Statement

	For the Year ended March 31, 2013 ₹ in Lakhs	For the Year ended March 31, 2012 ₹ in Lakhs
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extraordinary items	24550	32683
Adjustments for :		
Depreciation,Amortization & Impairment	1857	1611
Dividend from Investments - Other	(2)	(1)
Dividend from Investments - Trade	-	(3)
(Profit) / Loss on Sale of Fixed Assets	17	-
(Profit) / Loss on Unrealized Foreign Exchange Gain	579	(3198)
Premium on Forward Exchange Contract Amortized	(4)	(24)
Provision for Warranty	381	416
Provision for Contractual Obligation	1395	2502
Provision for Doubtful Receivables	602	598
Interest Expense (Net)	17471	13542
15443	22296	15443
<b>Operating Profit Before Working Capital Changes</b>	<b>46846</b>	<b>48126</b>
Changes In Working Capital		
(Increase) / Decrease In Trade Receivables	(25042)	48094
(Increase) / Decrease In Inventories	(33)	881
(Increase) / Decrease In Current Assets	(17677)	(103985)
(Increase) / Decrease In Loans And Advances	409	(2140)
Increase / (Decrease) In Trade Payables & Provisions	1527	(3687)
	(40815)	(60837)
<b>Cash Generated From Operations</b>	<b>6031</b>	<b>(12711)</b>
Direct Taxes (Paid) / Refund (Net)	1964	(1805)
Net Cash Flow from Operating Activities	7995	(14516)
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(2826)	(4867)
Sale of Fixed Assets	48	108
Investment in Subsidiaries	(12787)	(9904)
Decrease / (Increase) in Capital Work-In-Progress	(284)	845
Dividend From Investments - Other	2	1
Dividend From Investments - Trade	-	3
Net Cash From Investing Activities	(15847)	(13814)
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long Term Borrowings (Repaid) / Availed	(2933)	(114)
Payment of Dividend	(5051)	(7216)
Tax on Dividend Paid	(820)	(1199)
Short Term Borrowings (Repaid) / Availed	48542	42020
Interest Paid (Net)	(17512)	(13243)
Net Cash Flow From Financing Activities	22226	20248
Net Increase In Cash And Cash Equivalents (A+B+C)	14374	(8082)
Cash And Cash Equivalents As At 01.04.2012 (Op. Bal)	42330	50412
Cash And Cash Equivalents As At 31.03.2013 (Cl. Bal)	56704	42330
Cash on Hand	24	17
On Current Accounts	2410	2110
On Deposit Accounts	54270	40203

As per our report of even date

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Chennai  
May 29, 2013

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Chairman &  
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**SASIKALA RAGHUPATHY**  
Director

Singapore  
May 29, 2013

# Notes to financial statements

## SIGNIFICANT ACCOUNTING POLICIES

### A. COMPANY OVERVIEW

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

### B. SIGNIFICANT ACCOUNTING POLICIES

#### i. Accounting Conventions

The financial statements are prepared under the historical cost convention and following the accrual basis of accounting, in accordance with the Generally Accepted Accounting Principles in India ("I-GAAP") and mandatory accounting standards as notified by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities Exchange Board of India ("SEBI").

#### ii. Use of Estimates

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

#### iii. Fixed Assets & Intangible Assets

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

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

#### iv. Depreciation & Amortization

Depreciation on fixed assets is provided on straight line method in accordance with the rates prescribed under Schedule XIV of the Companies Act, 1956. Intangible assets are amortized over a period of 5 years on straight line basis.

#### v. Investments

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

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

#### vi. Earnings per share (EPS)

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

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

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

#### vii. Revenue Recognition

- a) Sales are accounted on the basis of despatches.
- b) Sales include equipment billed but despatch of which is withheld at the request of the customer.
- c) Revenue from services is recognized in accordance with the specific terms of contract on performance.
- d) Revenue from construction contracts is recognized by reference to the stage of completion of the contract activity at the reporting date of the financial statements on the basis of percentage of completion method. The stage of completion of contracts is measured by reference to the proportion that contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs for each contract.

## Notes to financial statements

- e) Expected Loss, if any, on the construction / project related activity is recognized as an expense in the period in which it is foreseen, irrespective of the stage of completion of the contract. While determining the amount of foreseeable loss, all elements of costs and related incidental income not included is taken into consideration.
- f) In respect of construction contracts revenues include taxes and duties.
- g) Other Income – i) Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable, ii) Dividend income is recognized when the Company's right to receive dividend is established.

### viii. Inventories

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

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

Cost of inventories is determined on a weighted average basis

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

### ix. Foreign Currency Transactions

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

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

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

### x. Cash Flows

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

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

### xi. Income taxes

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

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

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



## Notes to financial statements

### xii. Impairment of Assets

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

### xiii. Employee Benefits

#### a) Short-Term Employee Benefits :

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

#### b) Post Employment Benefits:

##### i) Defined Contribution plan:

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

##### ii) Defined Benefit Plan:

Company's liability towards gratuity in accordance with The Payment of Gratuity Act, 1972 is determined based on actuarial valuation using the Projected Unit Credit Method as at the 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.

#### c) Other Long-term Employee Benefits:

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

#### d) All actuarial gains/losses in respect of post employment benefits and other long term employee benefits are charged to the Statement of Profit and Loss.

### xiv. Borrowing Costs

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

### xv. Leases

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

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

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

Lease payments under operating lease are recognized as an expense in the Statement of Profit and Loss on a straight line basis over the lease term.

### xvi. Segment Reporting

#### a) Segment policies:

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

#### b) Identification of segments:

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

## Notes to financial statements

- c) **Segment Revenue and Segment Result:**  
Segment revenue includes revenue from operations and other income directly identifiable with / allocable to the segment. Expenses that are directly identifiable with / allocable to segments are considered for determining the segment result. Revenue and expenses which relate to the Company as a whole and are not allocable to a segment on a reasonable basis have been disclosed as unallocable.
- d) **Segment Assets and Liabilities:**  
Segment assets and liabilities include those directly identifiable with respective segments. Unallocable corporate assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.

### xvii. Provisions

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

### xviii. Contingent Liabilities

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

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

## Notes to financial statements

SHAREHOLDERS' FUNDS	As at March 31, 2013 ₹ in Lakhs	As at March 31, 2012 ₹ in Lakhs
<b>1. SHARE CAPITAL</b>		
Authorised		
10,00,00,000 Equity shares of ₹ 10/- each (10,00,00,000)	10000	10000
Issued, Subscribed and Paid up		
7,21,61,560 Equity Shares of ₹ 10/- each (7,21,61,560)	7216	7216

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

**Equity Shares**

	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
Outstanding at the beginning of the year	72161560	7216	72161560	7216
Outstanding at the end of the year	72161560	7216	72161560	7216

**b. Terms/rights attached to equity shares**

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

**c. 54000000 (54000000) Shares out of the issued, subscribed and paid up share capital were allotted as bonus shares in the last five years by capitalization of profits.**

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

	March 31, 2013		March 31, 2012	
	No. of Shares	% held	No. of Shares	% held
Mr. B G Raghupathy	19712160	27.32	19712160	27.32
Mrs. Sasikala Raghupathy	11579120	16.05	11579120	16.05
Priya Securities Private Limited	8640000	11.97	8640000	11.97
BGR Investment Holdings Company Limited	8640000	11.97	8640000	11.97
Vani Securities Private Limited	5428080	7.52	5428080	7.52
Arjun Securities Private Limited	4540320	6.29	4540320	6.29

**e. The company has reserved issuance of 285858 (291100) Equity shares of ₹ 10/- each for offering to eligible employees of the company and its subsidiary under the Employee Stock Option Scheme - 2007. (Refer Note 31).**

## Notes to financial statements

2. RESERVES & SURPLUS	As at	
	March 31, 2013 ₹ in Lakhs	March 31, 2012 ₹ in Lakhs
i. Securities Premium Account		
Opening Balance	31895	31895
Closing Balance	31895	31895
ii. General Reserve		
Opening Balance	10496	8261
Add: Amount transferred from Statement of Profit and Loss	1637	2235
Closing Balance	12133	10496
iii. Balance in statement of Profit and Loss		
Opening Balance	61850	47604
Add : Profit for the year	16367	22352
Less : Appropriations		
Proposed Dividend	5051	5051
Tax on proposed dividend	819	820
Transfer to General reserve	1637	2235
Closing Balance	70710	61850
<b>TOTAL</b>	<b>114738</b>	<b>104241</b>

3. LONG-TERM BORROWINGS	As at March 31, 2013		As at March 31, 2012	
	Non Current	Current	Non Current	Current
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Secured				
i. Term Loans from Banks	1303	1298	4213	2182
ii. Fixed Assets Loans				
a. From Banks		11	12	41
b. From Financial Institutions	6	16	17	24
Unsecured				
iii. Deferred payment liabilities - Interest Free Sales Tax Loan	-	-	-	66
	1309	1325	4242	2313
Less : Amount disclosed under the head "other current liabilities" (Note 8)	-	1325	-	2313
	1309	-	4242	-

Term Loan includes ₹ 1882 Lakhs (₹ 2463 Lakhs) from State Bank of Travancore is secured by a first charge on fixed assets of the Company. The loan is repayable in 20 quarterly equal instalments starting from September 2011. Fixed assets loans are secured against the assets purchased out of the respective loans. Fixed Assets loans are payable in monthly instalments. Fixed Assets purchased under Buyers Credit arrangements are payable on maturity.

## Notes to financial statements

<b>4. OTHER LONG TERM LIABILITIES</b>	<b>As at March 31, 2013 ₹ in Lakhs</b>	<b>As at March 31, 2012 ₹ in Lakhs</b>
Advance from Customers	61588	22201
Trade Payables	22467	42894
Other Payables *	2	26
	<b>84057</b>	<b>65121</b>

\* Other payables include rent payables & retentions

<b>5. LONG TERM PROVISIONS</b>	<b>As at March 31, 2013 ₹ in Lakhs</b>	<b>As at March 31, 2012 ₹ in Lakhs</b>
Provision for contractual obligation (refer Note 44)	20076	18682
Provision for warranty (refer Note 44)	2119	1764
	<b>22195</b>	<b>20446</b>

<b>6. SHORT TERM BORROWINGS</b>	<b>As at March 31, 2013 ₹ in Lakhs</b>	<b>As at March 31, 2012 ₹ in Lakhs</b>
Secured		
Working capital loans from banks	218800	122757
Unsecured		
Unsecured loans from banks	-	47500
	<b>218800</b>	<b>170257</b>

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

<b>7. TRADE PAYABLES</b>	<b>As at March 31, 2013 ₹ in Lakhs</b>	<b>As at March 31, 2012 ₹ in Lakhs</b>
Micro and small enterprises	136	68
Others	104889	130776
	<b>105025</b>	<b>130844</b>

## Notes to financial statements

### 7.1 Details of dues to Micro Small and Medium Enterprises as defined under the MSMED Act, 2006

₹ in Lakhs

S.No.	Particulars	As at March 31, 2013	As at March 31, 2012
1	Principal Amount remaining unpaid	127	66
2	Interest due thereon remaining unpaid	9	2
3	Interest paid to the supplier	2	15
4	Payments made to the supplier beyond the appointed day during the year	-	-
5	Interest due and payable for the period of delay in making payment without adding interest specified under this act	-	-
6	Interest accrued and remaining unpaid	-	-
7	Amount of further interest remaining due and payable in succeeding year	2	-

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

### 8. OTHER CURRENT LIABILITIES

	As at March 31, 2013 ₹ in Lakhs	As at March 31, 2012 ₹ in Lakhs
Current maturities of long term borrowings (refer Note 3)	1325	2313
Current maturities of advance from customers	40776	29840
Interest accrued but not due on borrowings	458	499
Unpaid dividends	34	24
Other payables*	2556	3518
	<b>45149</b>	<b>36194</b>

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

### 9. SHORT-TERM PROVISIONS

	As at March 31, 2013 ₹ in Lakhs	As at March 31, 2012 ₹ in Lakhs
i. Provision for Employee Benefits		
Provision for Bonus	45	38
Provision for leave encashment (refer Note 30)	291	268
Provision for Gratuity (refer Note 30)	111	131
ii. Others		
Provision for Warranty (refer Note 44)	111	109
Proposed dividend	5051	5051
Provision for		
Tax on Proposed dividend	819	820
Wealth tax	9	6
Income taxes (net)	576	122
	<b>7013</b>	<b>6545</b>

## Notes to financial statements

(₹ in Lakhs)

### 10. FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION / AMORTISATION				NET BLOCK		
	As at March 31, 2012	During the year		As at March 31, 2013	Up to March 31, 2012	For the year	Deletions	Up to March 31, 2013	As at	
		Additions	Deletions						March 31, 2013	March 31, 2012
<b>Tangible Assets</b>										
Land	1083	444	-	1527	-	-	-	1527	1083	
Buildings	1685	-	-	1685	122	56	-	178	1507	1563
Plant & Equipment	17075	1322	20	18377	3542	918	5	4455	13922	13532
Furniture & Fixtures	461	64	46	479	78	44	16	106	373	383
Office Fixtures	215	7	-	222	179	6	-	185	37	37
Office Equipments	989	197	140	1046	293	122	89	326	720	696
Electrical Installations	262	9	-	271	59	15	-	74	197	203
Vehicles	1481	170	66	1585	590	144	39	695	890	892
Tangible Assets	23251	2213	272	25192	4863	1305	149	6019	19173	18389
<b>Intangible Assets *</b>										
Technical Know-How	856	295	-	1151	472	191	-	663	488	384
Softwares	1510	318	28	1800	893	280	5	1168	632	617
Intangible Assets	2366	613	28	2951	1365	471	5	1831	1120	1001
<b>TOTAL</b>	<b>25617</b>	<b>2826</b>	<b>300</b>	<b>28143</b>	<b>6227</b>	<b>1776</b>	<b>154</b>	<b>7850</b>	<b>20293</b>	<b>19390</b>
As at 31.03.2012	20989	4867	239	25617	4747	1577	97	6227	19390	

\* Both the assets are other than internally generated.

- (a) Plant and Equipment include ₹ 687 lakhs (₹ 687 lakhs), which are jointly owned along with a Joint Venture, of which the Company is a member.
- (b) Office Fixtures and Office Equipments includes ₹ 111 lakhs (₹ 111 lakhs), which are jointly owned along with Subsidiary Companies.
- (c) Buildings includes ₹ 1169 lakhs (₹ 1169 lakhs), which are Constructed on Lease hold land.
- (d) Impairment loss recognised in the Statement of Profit and Loss during the financial year for Office equipments is ₹ 81 Lakhs (₹ 34 Lakhs) (Refer Note 41).

## Notes to financial statements

11. NON-CURRENT INVESTMENTS (Long-Term Investments)	As at March 31, 2013 ₹ in Lakhs	As at March 31, 2012 ₹ in Lakhs
<b>a) Trade Investments (at cost)</b>		
<b>i) In Equity Shares of Subsidiary Companies - Unquoted, fully paid up</b>		
42,50,000 Progen Systems and Technologies Limited (42,50,000) of ₹ 10/- each	425	425
9,49,00,000 BGR Boilers Private Limited (9,49,00,000) of ₹ 10 each	9490	9490
13,61,62,900 BGR Turbines Company Private Limited (13,61,62,900) of ₹ 10 each	13616	13616
<b>ii) In Equity Shares of Other Companies - Unquoted, fully paid up</b>		
10,000 GEA Cooling Tower Technologies (India) Private Limited (10,000) (Inclusive of 8000 bonus shares) of ₹ 10 each (₹ 20,000) (₹ 20,000))	-	-
1,00,900 Cuddalore Powergen Corporation Limited (1,00,900) of ₹ 10 each	10	10
<b>b) Other Investments (at cost)</b>		
<b>i) In Equity Shares of Subsidiary Company - Unquoted, fully paid up</b>		
1,65,000 Sravanaa Properties Limited (-) of ₹ 10 each	12787	-
<b>ii) In Equity Shares of Other Companies - Quoted, fully paid up</b>		
13,970 Indian Bank (13,970) of ₹ 91 per share	13	13
<b>iii) In Mutual Funds - Quoted fully paid up - Face Value ₹ 10 each</b>		
50,000 SBI Mutual Fund-Magnum Multi Cap Fund - Dividend (50,000) units	5	5
2,50,000 SBI Mutual Fund-Infrastructure Fund - I - Growth (2,50,000) units	25	25
	<b>36371</b>	23585
1) Aggregate market value of quoted investments	49	60
2) Aggregate Book value of quoted investments	43	43
3) Aggregate Book value of unquoted investments	<b>36328</b>	23542
<b>12. LONG-TERM LOANS AND ADVANCES</b>	<b>As at March 31, 2013 ₹ in Lakhs</b>	<b>As at March 31, 2012 ₹ in Lakhs</b>
Secured considered good		
Advance to Suppliers	439	560
Unsecured considered good		
Deposits	1466	1340
Loans and Advances to Related Parties (refer Note 34)	1430	1151
MAT Credit Entitlement	15479	17115
Other Loans and Advances *	6136	5694
	<b>24950</b>	25860
* Other Loans and advances include dues from customers & tax refund (net of provision for taxation) from the Government.		



## Notes to financial statements

**Cochin Project:** The end client of Cochin Port Road Connectivity Project viz., Cochin Port Road Company Ltd., (SPV of NHAI) terminated the contract on 28.05.2007. Consequently, the end client encashed BGs for a value of ₹ 1270 lakhs furnished by the company on behalf of MECON – GEA (JV). The main contractor viz., MECON – GEA (JV) contested the termination of the contract. The disputes after having been reviewed by the Dispute Review Board are now subject to arbitration. The Arbitral Tribunal has passed preliminary order in favour of the JV, which is under challenge before the High Court of Delhi. The High Court of Delhi has passed the judgement recommending that the tribunal permit the NHAI to contest their disputes and to adjudicate the same on merits. The matter is listed for further evidence. The arbitral award is expected in due course of time. Based on legal opinion, the company has identified a sum of ₹ 1654 lakhs (₹ 1654 lakhs) as on March 31, 2013 as recoverable advances from the end client through the JV and is grouped under other loans and advances.

**Tuticorin Project:** The end client of Tirunelveli – Tuticorin Port Connectivity Project viz., Tuticorin Port Road Company Ltd (SPV of NHAI) has terminated the contract and encashed BGs for aggregate value of ₹ 2652 lakhs and the same were restituted as per orders of the High Court of Madras (Madurai Bench). The disputes, including termination of contract, after having been reviewed by the Disputes Review Board are now subject to arbitration. The proceedings of the Arbitral Tribunal have commenced for cross examination of respondents witness. In view of these facts, the Company has identified the sum of ₹ 83 Lakhs (₹ 83 lakhs) as on March 31, 2013 as recoverable advances from the end client through the JV and is grouped under other loans and advances.

<b>13. OTHER NON-CURRENT ASSETS</b>	As at March 31, 2013 ₹ in Lakhs	As at March 31, 2012 ₹ in Lakhs	As at March 31, 2013 ₹ in Lakhs	As at March 31, 2012 ₹ in Lakhs
Unsecured				
Trade receivables - considered good (Refer Note 15.3)			49970	59779
Trade receivables - considered doubtful	1200	598		
Less:- Provision for doubtful receivables	1200	598	-	-
Margin money deposits - maturity more than 12 months			9174	8828
Interest accrued on margin money deposits			411	251
			<b>59555</b>	<b>68858</b>

<b>14. INVENTORIES</b>	As at March 31, 2013 ₹ in Lakhs	As at March 31, 2012 ₹ in Lakhs
Raw Materials and Components	1966	2580
Work-in-progress	1023	376
	<b>2989</b>	<b>2956</b>

<b>15. TRADE RECEIVABLES</b>	As at March 31, 2013 ₹ in Lakhs	As at March 31, 2012 ₹ in Lakhs
(Unsecured and Considered good)		
Over Six Months	2803	2190
Others	283197	259369
	<b>286000</b>	<b>261559</b>

15.1 Trade Receivables – Others, includes Retention amount of ₹ 127683 lakhs (₹ 120798 lakhs) which, in accordance with the terms of the contracts were not due for payments as at 31st March 2013

15.2 The Company and State Company for Oil Projects, Iraq (Client) terminated with mutual consent the contract for two gas development projects in Iraq. The Company and Client agreed to settle contract claims by mutual agreement. Hence no provision or write off or write back on account of this contract is made in the books of account. The contract value is ₹ 40465 lakhs and the revenue recognised so far is ₹ 8362 lakhs. The balance receivable from the client and the amount of advance held by the Company are ₹ 4909 lakhs and ₹ 4998 lakhs, respectively.

15.3 The company has sought confirmation of balances of major trade receivables. In cases where letters of confirmation have been received from parties, book balances have been reconciled and adjusted, if required. In other cases, balances in accounts of trade receivables have been taken as per books of account.

## Notes to financial statements

<b>16. CASH AND BANK BALANCES</b>	<b>As at March 31, 2013 ₹ in Lakhs</b>	<b>As at March 31, 2012 ₹ in Lakhs</b>
<b>Cash and cash equivalents</b>		
Balances with banks :		
- On current accounts	2410	2110
- On deposit accounts	54270	40203
Cash on hand	24	17
<b>Other bank balances :</b>		
Margin money deposits	34778	33469
On unpaid dividend accounts	34	24
	<b>91516</b>	<b>75823</b>

16.1 Fixed deposits maintained by the company with banks, other than margin money deposits, can be withdrawn by the company at any point without any prior notice or penalty

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

<b>17. SHORT TERM LOANS AND ADVANCES</b>	<b>As at March 31, 2013 ₹ in Lakhs</b>	<b>As at March 31, 2012 ₹ in Lakhs</b>
Secured considered good		
Advance to Suppliers	4428	8878
Unsecured considered good		
Loans and Advances to Related Parties (note 34)	1123	1092
Other Loans and advances *	39934	42302
Deposits	87	200
	<b>45572</b>	<b>52472</b>

\* Includes advance to suppliers, employee loans, travel advances, prepaid expenses, CENVAT credit receivable, VAT credit receivable and forward contract valuation

<b>18. OTHER CURRENT ASSETS</b>	<b>As at March 31, 2013 ₹ in Lakhs</b>	<b>As at March 31, 2012 ₹ in Lakhs</b>
Interest accrued on deposit accounts	916	2096
Contracts in progress (net)	79032	52191
[Contract in progress includes unbilled revenue of ₹ 94425 Lakhs (₹ 71829 Lakhs) and unearned revenue of ₹ 15393 Lakhs (₹ 19638 Lakhs)] (Refer Note 29)		
	<b>79948</b>	<b>54287</b>

<b>19. REVENUE FROM OPERATIONS</b>	<b>For the year ended March 31, 2013 ₹ in Lakhs</b>	<b>For the year ended March 31, 2012 ₹ in Lakhs</b>
Sale of Manufactured Goods	23870	29715
Less: Excise Duty	1139	1616
	<b>22731</b>	<b>28099</b>
Contracting income	287298	316147
Erection & service income	540	207
Other operating revenue	148	252
	<b>310717</b>	<b>344705</b>

## Notes to financial statements

20. OTHER INCOME	For the year ended March 31, 2013 ₹ in Lakhs	For the year ended March 31, 2012 ₹ in Lakhs
Dividend from investments - quoted	2	1
Dividend from investments - unquoted	-	3
Interest on advances / refunds	478	486
Others	64	36
	<b>544</b>	<b>526</b>

21. COST OF MATERIAL CONSUMED	For the year ended March 31, 2013 ₹ in Lakhs	For the year ended March 31, 2012 ₹ in Lakhs
Opening inventory (Raw materials, consumables bought outs and components)	2580	3443
Add : Purchases	168722	216416
	<b>171302</b>	219859
Less: Closing Inventory (Raw materials, consumables bought outs and components) (Refer Note 42)	1966	2580
	<b>169336</b>	217279
<b>Details of raw material and components consumed</b>		
Bought outs- mechanicals	43351	79538
Steel plates, beams & structurals	50192	64042
Stores & consumables	29689	27763
Pipes, tubes elbows rounds & others	12966	15460
Bought outs- electricals	16612	11908
Cements & building materials	10740	9815
Electrical cables & Fittings	2480	6472
Aluminium fin strips	3306	2281
	<b>169336</b>	217279

### Value of raw material & components consumed during the year

₹ in Lakhs

Particulars	For the year ended March 31, 2013	%	For the year ended March 31, 2012	%
Imported	21881	12.92	65227	30.02
Indigenous	147455	87.08	152052	69.98
<b>TOTAL</b>	<b>169336</b>		217279	

22. COST OF MANUFACTURING & CONSTRUCTION	For the year ended March 31, 2013 ₹ in Lakhs	For the year ended March 31, 2012 ₹ in Lakhs
Subcontracting & processing charges	59529	44250
Power & fuel	504	506
	<b>60033</b>	44756

23. OTHER DIRECT COST	For the year ended March 31, 2013 ₹ in Lakhs	For the year ended March 31, 2012 ₹ in Lakhs
Agency commission	169	552
Insurance	1030	482
Bank charges	4250	4232
Professional fees	379	193
Packing & forwarding	439	737
	<b>6267</b>	6196

## Notes to financial statements

<b>24. EMPLOYEE BENEFITS EXPENSE</b>	<b>For the year ended March 31, 2013 ₹ in Lakhs</b>	<b>For the year ended March 31, 2012 ₹ in Lakhs</b>
Salaries, allowances & bonus	17296	15199
Contribution to P.F., E.S.I., & Gratuity (Refer Note 30)	678	674
Workmen & staff welfare expenses	1657	1232
	<b>19631</b>	<b>17105</b>
<b>25. FINANCE COSTS</b>	<b>For the year ended March 31, 2013 ₹ in Lakhs</b>	<b>For the year ended March 31, 2012 ₹ in Lakhs</b>
(a) Interest on working capital loans (Net) (Refer Note 43)	17130	12748
(b) Interest on term loans	341	794
	<b>17471</b>	<b>13542</b>
<b>26. DEPRECIATION, IMPAIRMENT AND AMORTIZATION EXPENSE</b>	<b>For the year ended March 31, 2013 ₹ in Lakhs</b>	<b>For the year ended March 31, 2012 ₹ in Lakhs</b>
Depreciation of tangible assets (Including impairment loss) (Refer Note 10)	1385	1189
Amortization of intangible assets (Refer Note 10)	472	422
	<b>1857</b>	<b>1611</b>
<b>27. OTHER EXPENSES</b>	<b>For the year ended March 31, 2013 ₹ in Lakhs</b>	<b>For the year ended March 31, 2012 ₹ in Lakhs</b>
Rent (Refer Note 32)	2197	1711
Provision for doubtful receivables	602	598
Audit fees (refer details below)	50	53
Bank charges	403	95
Conveyance & vehicle running expenses	425	402
Electricity charges	265	202
Foreign exchange loss	2785	1780
Insurance	107	75
Loss on sale of fixed assets (net)	17	-
Other administrative expenses	591	941
Professional charges	653	537
Rates and taxes	159	127
Repairs & maintenance		
- Building	48	59
- Machinery	71	169
- Others	932	640
Security charges	141	167
Selling expenses	149	186
Sitting fees	9	10
Telephone expenses	182	208
Travelling expenses		
- Domestic	948	924
- Foreign	253	240
Provision for warranty (Refer Note 44)	381	416
Provision for contractual obligation (Refer Note 44)	1395	2502
	<b>12763</b>	<b>12042</b>
Payment to auditors		
For Audit fees	42	42
For Tax matters	4	4
For Certification	4	7
	<b>50</b>	<b>53</b>

## Notes to financial statements

28. EARNINGS PER SHARE ("EPS")	For the year ended March 31, 2013 ₹ in Lakhs	For the year ended March 31, 2012 ₹ in Lakhs
<b>The following reflects the profit and share data used in the basic and diluted EPS computations :</b>		
<b>Basic EPS</b>		
Profit after tax as per accounts	16367	22352
Weighted average no. of shares (Face value ₹ 10 per share) (Lakhs Nos)	722	722
Basic EPS (₹)	22.68	30.98
<b>Diluted EPS</b>		
Profit for the year for Basic EPS	16367	22352
Less : Adjustment	-	-
Adjusted profit for Diluted EPS	16367	22352
Weighted average number of equity shares for Basic EPS (Lakh Nos.)	722	722
Add : Adjustment		
Employee stock option plan	-	-
Weighted average number of Equity shares (Face Value ₹ 10 per share) for Diluted EPS (Lakh Nos.)	722	722
Diluted EPS (₹)	22.68	30.98

## 29. CONSTRUCTION CONTRACTS

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

₹ in Lakhs

S.No.	Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
a.	The aggregate amount of costs incurred and recognized profits (less recognized losses) (including amounts carry forward from previous years)	1312070	1111171
b.	The amount of advances received	36207	41751
c.	The amount of retentions	127332	144190
d.	The gross amount due from customers for contract work as an asset	94425	71829
e.	The gross amount due to customers for contract work as a liability	15393	19638

## 30. EMPLOYMENT BENEFITS

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

### Defined contribution plan:

₹ in Lakhs

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Employer's Contribution to Provident Fund	405	319
Employer's Contribution to Pension Scheme	152	123
Employer's Contribution to Employee's State Insurance	5	6

### Defined Benefit Plan and other long term employee benefits:

#### Gratuity Plan

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

## Notes to financial statements

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

₹ in Lakhs

Particulars	Leave encashment (Unfunded) 2012-13	Gratuity (Funded) 2012-13	Leave encashment (Unfunded) 2011-12	Gratuity (Funded) 2011-12
Defined Benefit obligation at beginning of the year	268	650	220	505
Current service cost	106	117	66	106
Interest cost	16	51	18	39
Actuarial (gain)/loss	38	(60)	(36)	27
Benefits paid	(138)	(22)	-	(27)
Defined Benefit obligation at year end	290	736	268	650

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

Particulars	Gratuity (Funded) 2012-13	Gratuity (Funded) 2011-12
Fair value of plan assets at beginning of the year	519	482
Expected return on plan assets	44	39
Actuarial gain/(loss)	4	2
Employer contribution	79	23
Benefits paid	(22)	(27)
Fair value of plan assets at the year end	625	519
Actual return on plan assets	48	41

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

Particulars	Leave encashment (Unfunded) 2012-13	Gratuity (Funded) 2012-13	Leave encashment (Unfunded) 2011-12	Gratuity (Funded) 2011-12
Fair value of plan assets (a)	-	625	-	519
Present value of obligation (b)	291	736	268	650
Present Value of obligation unfunded at the end of the year recognized as liability as on 31.03.2013 (b-a)	291	111	268	131

### IV. Expected employers contribution next year

Particulars	Gratuity (Funded) 2012-13	Gratuity (Funded) 2011-12
Expected employers contribution to gratuity next year	166	105

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

Particulars	Leave encashment (Unfunded) 2012-13	Gratuity (Funded) 2012-13	Leave encashment (Unfunded) 2011-12	Gratuity (Funded) 2011-12
Current service cost	106	117	67	105
Interest cost	16	51	17	39
Expected return on plan assets	-	(44)	-	(38)
Actuarial (gain) / loss	38	(64)	(36)	25
Net Cost	160	58	48	131

## Notes to financial statements

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

Particulars	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Gratuity plan (funded)				
Defined benefit obligation	736	650	505	404
Plan assets	624	519	482	366
Surplus/deficit	(112)	(131)	(23)	(38)
Experience adjustment plan liabilities	(60)	27	-	-
Experience adjustment plan assets	(4)	(2)	-	-

### VII. Actuarial assumptions

Particulars	Leave encashment (Unfunded) 2012-13	Gratuity (Funded) 2012-13	Leave encashment (Unfunded) 2011-12	Gratuity (Funded) 2011-12
Mortality Table (LIC)	(Ultimate) 94-96	(Ultimate) 06-08	(Ultimate) 94-96	(Ultimate) 94-96
Discount rate (per annum)	8.05%	8.00%	8.00%	8.00%
Expected rate of return on plant assets (per annum)	-	8.00%	-	8.00%
Rate of escalation in salary (per annum)	5%	5%	5%	5%

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

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

### 31. EMPLOYEE STOCK OPTION PLANS

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

#### Employee Stock Option Scheme – 2007

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

#### Vesting Schedule

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

Date of Vesting	Vesting Proportion	Time Based (Part A)	Performance Based (Part B)	Earliest Date of Exercise	Last Date of Exercise
Jan 3, 2009	33%	100%	0%	Jan 3, 2009	Jan 3, 2014
Jan 3, 2010	33%	75%	25%	Jan 3, 2010	Jan 3, 2015
Jan 3, 2011	34%	75%	25%	Jan 3, 2011	Jan 3, 2016

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

Date of Vesting	Vesting Proportion	Time Based (Part A)	Performance Based (Part B)	Earliest Date of Exercise	Last Date of Exercise
Jan 3, 2009	25%	100%	0%	Jan 3, 2009	Jan 3, 2014
Jan 3, 2010	25%	75%	25%	Jan 3, 2010	Jan 3, 2015
Jan 3, 2011	25%	75%	25%	Jan 3, 2011	Jan 3, 2016
Jan 3, 2012	25%	75%	25%	Jan 3, 2012	Jan 3, 2017

## Notes to financial statements

The following are the number of options outstanding during the year

Particulars	2012-13	2011-12
Number of options outstanding in the beginning of the year	291100	335851
Number of options granted during the year	-	-
Number of options vested during the year	-	32444
Number of vested options cancelled	3637	17825
Number of unvested options cancelled	1605	27026
Number of vested options forfeited during the year	5242	44851
Number of options exercised during the year	-	-
Number of options outstanding at the end of the year	285858	291100*
Number of options exercisable at the end of the year	65816	70958

\*100 Options added since application for allotment of shares was withdrawn.

### 32. LEASES

#### Operating Lease

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

The future minimum lease payments in respect of non-cancellable leases as at March 31, 2013 are as follows:

₹ in Lakhs

Particulars	Total minimum lease payments outstanding as at	
	March 31, 2013	March 31, 2012
Due within one year	1162	340
Due later than one year and not later than five years	3511	1028
Due later than five years	499	790
<b>Total</b>	<b>5172</b>	<b>2158</b>

Lease rental expense in respect of operating leases recognized in the statement of profit and loss for the year: ₹ 2197 Lakhs (₹ 1711 Lakhs)

### 33. SEGMENT REPORTING

#### Primary segment information (Business segments)

Information about Business Segments (information provided in respect of revenue items for the year ended March 31, 2013 and in respect of assets / liabilities as at March 31, 2013) are furnished below:

₹ in Lakhs

Particulars	For the year ended March 31, 2013			For the year ended March 31, 2012		
	Capital Goods Segment	Construction and EPC Contracts Segment	Total	Capital Goods Segment	Construction and EPC Contracts Segment	Total
a) Revenue	23967	286750	310717	31414	313291	344705
b) Result	1749	39728	41477	4056	41643	45699
<b>Add: Un allocable Income net of expenditure</b>	-	-	<b>544</b>	-	-	<b>526</b>
<b>Profit before Interest and Tax</b>	-	-	<b>42021</b>	-	-	<b>46225</b>
Interest	-	-	17471	-	-	13542
<b>Profit Before Tax</b>	-	-	<b>24550</b>	-	-	<b>32683</b>
<b>Provision for Taxation</b>	-	-	-	-	-	-
- Current Tax	-	-	5891	-	-	6511
- MAT Credit entitlement	-	-	-	-	-	(5147)
- Deferred Tax	-	-	2292	-	-	8967
- <b>Total</b>	-	-	<b>8183</b>	-	-	<b>10331</b>



## Notes to financial statements

Particulars	For the year ended March 31, 2013			For the year ended March 31, 2012		
	Capital Goods Segment	Construction and EPC Contracts Segment	Total	Capital Goods Segment	Construction and EPC Contracts Segment	Total
<b>Net Profit After Tax</b>	-	-	<b>16367</b>	-	-	22352
c) Assets	<b>33720</b>	<b>601378</b>	<b>635098</b>	34468	550728	585196
<b>Add:</b> Unallocated Corporate Assets			<b>12830</b>			43
<b>Total Assets</b>			<b>647928</b>			585239
d) Liabilities	<b>15001</b>	<b>240210</b>	<b>255211</b>	14626	235774	250400
<b>Add:</b> Unallocated Corporate Liabilities			<b>270763</b>			223384
<b>Total Liabilities</b>			<b>525974</b>			473784
e) Capital Assets acquired during the year	<b>194</b>	<b>2632</b>	<b>2826</b>	1670	3197	4867
f) Depreciation, Amortisation & Impairment	<b>234</b>	<b>1622</b>	<b>1856</b>	191	1420	1611
g) Other non cash charges except depreciation, amortisation & impairment	<b>611</b>	<b>1767</b>	<b>2378</b>	34	3482	3516

### Secondary segment information (Geographic segments)

Particulars	Domestic		Overseas		Total	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
External revenue by location of Customers	<b>305879</b>	340026	<b>4838</b>	4679	<b>310717</b>	344705
Carrying amount of segment assets by location of assets	<b>647929</b>	585241	-	-	<b>647929</b>	585241
Capital Expenditure	<b>2826</b>	4867	-	-	<b>2826</b>	4867

## 34. PARTICULARS OF RELATED PARTIES

### List of Related Parties

#### a. Subsidiary Companies

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

#### b. Associate Company – Nil

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

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

#### d. Joint Ventures

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

## Notes to financial statements

### e. Key management personnel :

- |      |                        |   |
|------|------------------------|---|
| i.   | Mr. B.G.Raghupathy     | Chairman & Managing Director                            |
| ii.  | Mr. T.Sankaralingam    | Managing Director (relinquished office on 31.12.2012)   |
| iii. | Mr. V.R. Mahadevan     | Director - Technologies & HR                            |
| iv.  | Mr. A.Swaminathan      | Director - Sales & Marketing                            |
| v.   | Mr. K. Chandrashekhar  | Director - Projects (appointed on 01.11.2012)           |
| vi.  | Ms. Swarnamugi Karthik | Director - Corporate Strategy (appointed on 08.02.2013) |

### f. Relatives of Key Management Personnel

- Ms. Swarnamugi Karthik (Daughter of Mr.B.G.Raghupathy and Mrs. Sasikala Raghupathy) (appointed as Director - Corporate Strategy on 08.02.2013)
- Ms. Priyadarshini Raghupathy (Daughter of Mr.B.G.Raghupathy and Mrs. Sasikala Raghupathy)
- Ms. Vaani Raghupathy (Daughter of Mr.B.G.Raghupathy and Mrs. Sasikala Raghupathy)
- Mr. Arjun Govind Raghupathy (Son of Mr.B.G.Raghupathy and Mrs. Sasikala Raghupathy)

### Related party transactions

₹ in Lakhs

Particulars	Subsidiary Companies	Other Companies	Key Management Personnel	Relatives of Key Management Personnel	For the year ended March 31, 2013	For the year ended March 31, 2012
Sales	-	6454	-	-	6454	6716
Purchases	52	3995	-	-	4047	2322
Advances given	13997	231	-	-	14228	-
Repayment of Advance given	-	4	-	-	4	2438
Investment made	12787	-	-	-	12787	9905
Remuneration	-	-	1794	30	1824	2241
Rent Expenses	5	115	45	-	165	122
Guarantees	208	661	-	-	869	502
Purchase of Fixed Asset	-	16	-	-	16	9
Sale of Fixed Asset	31	-	-	-	31	111
Others	-	-	25	-	25	14
Balance Outstanding	14847	2368	(3)	-	17212	3766

### Disclosure in respect of related party transactions during the year :

- Sales represents, GEA Cooling Tower Technologies (India) Private limited ₹ 6454 lakhs (₹ 6716 lakhs).
- Purchase represents, Progen Systems and Technologies Limited ₹ 21 lakhs (₹ 416 lakhs), GEA Cooling Tower Technologies (India) Private limited ₹ 3903 lakhs (₹ 1040 lakhs), GEA BGR Energy System India Limited. ₹ 92 lakhs (₹ 866 lakhs ), BGR Boilers Private Limited ₹ 31 Lakhs (₹ Nil Lakhs)).
- Investment made represents, BGR Boilers Private Limited ₹ Nil lakhs (₹ 5885 lakhs), BGR Turbines Company Private Limited ₹ Nil Lakhs (₹ 4020 lakhs), Sravanaa Properties Limited ₹ 12787 Lakhs (₹ Nil Lakhs).
- Remuneration to key management Personnel represents, Mr. B.G.Raghupathy ₹ 1319 lakhs (₹ 1771 lakhs), Mr. T. Sankaralingam ₹ 95 lakhs (₹ 127 lakhs), S. Rathinam ₹ Nil lakhs (₹ 94 lakhs), Mr. V.R. Mahadevan ₹ 122 lakhs (₹ 91 lakhs), Mr. A. Swaminathan ₹ 206 lakhs (₹ 129 lakhs), Mr. K Chandrashekhar ₹ 40 lakhs (₹ Nil Lakhs), Ms Swarnamugi Karthik ₹ 13 Lakhs (₹ Nil Lakhs).
- Remuneration to relatives of key management personnel represents, Ms. Swarnamugi Karthik ₹ 16 lakhs (₹ 6 lakhs), Ms. Priyadarshini Raghupathy ₹ 8 lakhs (₹ 12 lakhs), Ms. Vaani Raghupathy ₹ 3 lakhs (₹ 1 lakhs), Mr. Arjun Govind Raghupathy ₹ 3 lakhs (₹ 2 lakhs), Mr. R. Prabhu ₹ Nil lakhs (₹ 8 lakhs).
- Rent paid represents, Progen Systems and Technologies Limited ₹ Nil lakhs (₹ 4 lakhs), GEA Cooling Tower Technologies (India) Private limited ₹ Nil lakhs (₹ 24 lakhs), GEA BGR Energy System India Limited. ₹ 0.34 lakhs (₹ 0.33 lakhs), Sasikala Estate Private Limited ₹ 106 lakhs (₹ 41 lakhs), ANI Construction Private Limited ₹ 9 lakhs (₹ 9 lakhs). Mr. B G Raghupathy ₹ 45 lakhs (₹ 44 lakhs), Sravanaa Properties Limited ₹ 5 lakhs (₹ Nil Lakhs).
- Purchase of fixed assets represents, GEA Cooling Tower Technologies (India) Private limited Rs16 lakhs(Rs Nil Lakhs), Cuddalore Powergen Corporation Limited ₹ Nil lakhs (₹ 9 lakhs).
- Sale of fixed assets represents, BGR Boilers Private Limited ₹ 31 lakhs (₹ 89 lakhs), BGR Turbines Company Private Limited ₹ Nil lakhs (₹ 22 lakhs).

## Notes to financial statements

9. Others represents, Royalty to Mr. B.G. Raghupathy ₹ 25 lakhs (₹ 11 lakhs), Pragathi Computers Private Limited ₹ Nil lakhs (₹ 3 lakhs) towards travel and other admin expenses.
10. Advance given represents, Progen Systems and Technologies Limited ₹ 34 Lakhs (₹ Nil lakhs), BGR Boilers Private Limited ₹ 1387 lakhs (₹ Nil lakhs), BGR Turbines Company Private Limited ₹ 12577 lakhs (₹ Nil lakhs), GEA BGR Energy Systems India Ltd ₹ 1 Lakhs (₹ Nil Lakhs), GEA Cooling Tower Technologies (India) Private Ltd ₹ 230 Lakhs (₹ Nil Lakhs).
11. Repayment of advance given represents, Progen Systems and Technologies Limited ₹ Nil (₹ 2 lakhs), BGR Boilers Private Limited ₹ Nil (₹ 783 lakhs), BGR Turbines Company Private Limited ₹ Nil (₹ 450 lakhs), BGR Odisha Powergen Limited ₹ Nil lakhs (₹ 21 lakhs), Nannilam Property Private Limited ₹ Nil lakhs (₹ 1178 lakhs), Mega Funds India Ltd ₹ 4 Lakhs (₹ 4 Lakhs).
12. Balances outstanding (Net) represents, Progen Systems and Technologies Limited ₹ 554 lakhs (₹ 541 lakhs), BGR Boilers Private Limited ₹ 1688 lakhs (₹ 300 lakhs), BGR Turbines Company Private Limited ₹ 12599 lakhs (₹ 22 lakhs), GEA Cooling Tower Technologies (India) Private Limited ₹ 1111 lakhs (₹ 1651 lakhs), GEA BGR Energy System India Limited ₹ 21 lakhs (Cr. bal) (₹ 20 lakhs (cr. bal)), Cuddalore Powergen Corporation Limited ₹ 671 lakhs (₹ 671 lakhs), Nannilam Property Private Limited ₹ 508 lakhs (₹ 508 lakhs), Mega Funds India Limited ₹ 39 lakhs (₹ 43 lakhs), Schmitz India Private Limited ₹ 60 lakhs (₹ 60 lakhs), B.G.Raghupathy ₹ 3 Lakhs (cr. bal) (₹ 11 lakhs (cr. bal)) Sravanaa Properties Limited ₹ 6 Lakhs (₹ Nil Lakhs) (India) Private limited ₹ 661 lakhs (₹ 270 lakhs).
13. Guarantees given represents, Progen Systems and Technologies Limited ₹ 208 lakhs (₹ 232 lakhs), GEA Cooling Tower Technologies (India) Private limited ₹ 661 lakhs (₹ 270 lakhs).

### 35. CONTINGENT LIABILITIES, GUARANTEES & CAPITAL COMMITMENTS

₹ in Lakhs

Particulars		As at	As at
		March 31, 2013	March 31, 2012
<b>A</b>	<b>Contingent Liabilities</b>		
	Claims against the company not acknowledged as debt		
	a) On account of Sales Tax	4228	3443
	b) On account of Income Tax*	23045	6695
	c) On account of Service Tax**	37	-
	d) On account of Contractual Obligations	2350	2350
	e) On account of Royalty	4538	2138
	<b>Guarantees</b>		
	Guarantees and Counter Guarantees given on behalf of Subsidiary and Other Company	869	502
<b>B</b>	<b>Capital Commitments</b>		
	Estimated amount of contracts remaining to be executed on capital account (net of advances)	809	7377
<b>C</b>	<b>Other Commitments</b>		
	Commitments to fund Subsidiaries	7180	4795

\* Income Tax demand includes a sum of ₹ 11495 Lakhs (₹ 6695 Lakhs) which has been contested by the IT authorities before the Income Tax Appellate Tribunal.

\*\* Service tax demand represents a sum of ₹ 37 Lakhs (₹ Nil) which has been contested by the service tax authorities before the Customs Excise & Service Tax Appellate Tribunal.

### 36. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

- a. The particulars of derivative contracts entered into for hedging purpose outstanding as at March 31, 2013 are as under:

₹ in Lakhs / Foreign currency in Million

Particulars	As at		As at
	March 31, 2013		March 31, 2012
	Trade Payable	Trade Receivable	Trade Receivable
No of Contracts	1	1	4
Value in Foreign currency			
GBP	0.02		
USD		0.08	10.95
Value in INR	13	45	5573

## Notes to financial statements

### b. Particulars of unhedged foreign currency exposure as at the reporting date

₹ in Lakhs / Foreign currency in Million

Particulars	As at March 31, 2013		As at March 31, 2012	
	Foreign Currency	INR Equivalent	Foreign Currency	INR Equivalent
Amounts payable				
USD	6.54	3550	45.78	23288
Euro	-	-	10.33	7012
Trade Receivable				
USD	26.30	14278	34.64	17621

### 37. VALUE OF IMPORTS ON CIF BASIS

₹ in Lakhs

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Raw Materials, Components, Consumables & Spare parts	21881	65298
Capital Items	569	1782

### 38. EXPENDITURE IN FOREIGN CURRENCY

₹ in Lakhs

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Travelling	112	240
Part Processing and Professional charges	107	35
Commission on sales	-	552
Royalty	18	-
Agency Commission, Bank Charges & Others	473	295
Interest	239	493
<b>Total</b>	<b>949</b>	<b>1615</b>

### 39. EARNINGS IN FOREIGN CURRENCY

₹ in Lakhs

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Sales	8482	45451
Services	6	-
<b>Total</b>	<b>8488</b>	<b>45451</b>

## Notes to financial statements

### 40. DEFERRED TAXES

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

₹ in Lakhs

Component	Deferred Tax Asset as on March 31, 2013	Deferred Tax Liability as on March 31, 2013	Deferred Tax Asset as on March 31, 2012	Deferred Tax Liability as on March 31, 2012
Depreciation	-	1503	-	1193
Provision for Bad Debts	389	-	194	-
Impairment of Assets	82	-	55	-
Gratuity	69	-	76	-
PL Encashment	182	-	175	-
Others	44	-	29	-
Retention Money	-	41690	-	39471
<b>TOTAL</b>	<b>766</b>	<b>43193</b>	529	40664
<b>Net</b>		<b>42427</b>		40135

### 41. 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 ₹ 81 Lakhs (₹ 34 Lakhs) in the books of accounts towards impairment of other fixed assets based on the technical valuation.

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

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

### 44. PROVISIONS

a) The company has made a provision / transfer of ₹ 1776 Lakhs (₹ 3451 Lakhs) towards Warranty and Contractual obligations on the products supplied / contracts executed by the company during the year.

#### Movement in provisions

₹ in Lakhs

Particulars	Provision for Warranty	Provision for Contractual obligations	Provision for Warranty	Provision for Contractual Obligations
	F Y 12-13	F Y 12-13	F Y 11-12	F Y 11-12
Opening Balance	1873	18682	1457	15647
Add : Addition / Transfers	388	1405	431	3035
Less : (a) Provision utilised	25	-	15	-
Less : (b) Provision Reversed	6	11	-	-
Closing Balance	2230	20076	1873	18682

b) Current tax includes ₹ 160 Lakhs ( Nil ) being provision for income tax in respect of earlier years.

## Notes to financial statements

### 45. DETAILS OF ROUNDED OFF AMOUNTS

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

Description	Note	As at March 31, 2013 ₹ in Lakhs	As at March 31, 2012 ₹ in Lakhs
Investment in GEA Cooling Tower Technologies (India) Private Limited	11	0.20	0.20

### 46. PREVIOUS YEAR FIGURES

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

<b>V.R.MAHADEVAN</b> Director - Technologies & HR	<b>SWARNAMUGI KARTHIK</b> Director - Corporate Strategy	<b>K. CHANDRASHEKHAR</b> Director - Projects	<b>S.R.TAGAT</b> Director	As per our report of even date for M/s MANOHAR CHOWDHRY & ASSOCIATES Chartered Accountants
<b>M. GOPALAKRISHNA</b> Director	<b>M.S. SUNDARA RAJAN</b> Director	<b>S.A. BOHRA</b> Director	<b>GNANA RAJASEKARAN</b> Director	<b>G.R. HARI</b> Partner Membership No.206386
<b>HEINRICH BOHMER</b> Director	<b>R.RAMESHKUMAR</b> President - Corporate & Secretary	<b>P.R.EASWAR KUMAR</b> President & Chief Financial Officer		Chennai May 29, 2013
<b>B.G.RAGHUPATHY</b> Chairman & Managing Director	<b>SASIKALA RAGHUPATHY</b> Director			Singapore May 29, 2013

# Independent Auditors' Report on Consolidated Financial Statements

To the Board of Directors of **BGR Energy Systems Limited**

We have audited the accompanying consolidated financial statements of **BGR Energy Systems Limited** ("the Company"), its subsidiaries and an unincorporated joint venture, which comprise the consolidated Balance Sheet as at March 31, 2013, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

## Other Matters

We did not audit the financial statements of two subsidiaries, namely, Progen Systems and Technologies Limited and Sravanaa Properties Limited, whose financial statements reflect total assets of ₹14341 lakhs as at March 31, 2013, total revenues of ₹634 lakhs and net cash outflows amounting to ₹ 494 lakhs for the year then ended. We did not audit the financial statements of the joint venture, namely, Mecon – GEA Energy System (India) Limited (JV) whose financial statements reflect total assets of ₹ 1755 lakhs as at March 31, 2013 and total loss of ₹ 0.23 lakhs for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us by the management, and our opinion is based solely on the reports of the other auditors.

The financial statements of two subsidiaries, namely, BGR Boilers Private Limited and BGR Turbines Company Private Limited, whose financial statements reflect total assets of ₹ 46857 lakhs as at March 31, 2013, total revenues of ₹ 672 lakhs and net cash outflows amounting to ₹2799 lakhs for the year then ended, have not been audited and therefore, the unaudited financial statements certified by the management have been furnished to us. Our report, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on the unaudited financial statements certified by the management.

Our opinion is not qualified in respect of these matters.

For **MANOHAR CHOWDHRY & ASSOCIATES**

Chartered Accountants  
Firm Registration No. 001997S

**G.R. HARI**

Partner

Place : Chennai  
Date : May 29, 2013

Membership No. 206386

# Consolidated Balance Sheet

(₹ in Lakhs)

	Note No.	As at March 31, 2013	As at March 31, 2012
<b>EQUITY AND LIABILITIES</b>			
Shareholders' funds			
Share capital	1	7216	7216
Reserves and surplus	2	115115	104534
Minority Interest		9052	9130
<b>Non-current liabilities</b>			
Long-term borrowings	3	1375	4323
Deferred tax liabilities (net)		42028	39741
Other long-term liabilities	4	84232	65302
Long-term provisions	5	22231	20465
<b>Current liabilities</b>			
Short-term borrowings	6	218988	170357
Trade payables	7	105030	130681
Other current liabilities	8	45257	36242
Short-term provisions	9	7027	6549
		<b>657551</b>	<b>594540</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	10	43698	29845
Intangible assets	10	1290	1203
Capital work-in-progress		12528	10304
Non-current investments	11	53	53
Long-term loans and advances	12	26607	27333
Other non-current assets	13	59555	69081
<b>Current assets</b>			
Inventories	14	4275	3071
Trade receivables	15	286063	261571
Cash and bank balances	16	98315	85413
Short-term loans and advances	17	45194	52341
Other current assets	18	79973	54324
		<b>657551</b>	<b>594540</b>
Significant Accounting Policies	1 to 39		
Notes to Financial Statements			

As per our report of even date

**V.R.MAHADEVAN**  
Director - Technologies & HR

**SWARNAMUGI KARTHIK**  
Director - Corporate Strategy

**K. CHANDRASHEKHAR**  
Director - Projects

**S.R.TAGAT**  
Director

for M/s **MANOHAR CHOWDHRY & ASSOCIATES**  
Chartered Accountants

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Director

**M.S. SUNDARA RAJAN**  
Director

**S.A. BOHRA**  
Director

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Director

**G.R. HARI**  
Partner  
Membership No.206386

**HEINRICH BOHMER**  
Director

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President - Corporate &  
Secretary

**P.R.EASWAR KUMAR**  
President &  
Chief Financial Officer

Chennai  
May 29, 2013

**B.G.RAGHUPATHY**  
Chairman &  
Managing Director

**SASIKALA RAGHUPATHY**  
Director

Singapore  
May 29, 2013



# Consolidated Statement of Profit and Loss

(₹ in Lakhs)

	Note No.	For the year ended March 31, 2013	For the year ended March 31, 2012
Revenue From Operations	19	311326	345050
Other Income	20	1192	1440
<b>TOTAL REVENUE</b>		<b>312518</b>	<b>346490</b>
<b>Expenses</b>			
Cost of Material consumed	21	169531	217161
Cost of Manufacturing & Construction	22	60260	44924
Other Direct Cost	23	6267	6204
(Increase)/Decrease in work in progress		(1753)	167
Employee Benefits Expense	24	21201	17590
Finance Costs	25	17489	13548
Depreciation impairment and Amortization Expense	26	2027	1739
Other Expenses	27	13138	12310
<b>TOTAL EXPENSES</b>		<b>288160</b>	<b>313643</b>
<b>Profit before tax</b>		<b>24358</b>	<b>32847</b>
Tax expense			
Current tax		5941	6590
MAT credit entitlement		-	(5147)
Deferred tax		2286	8966
<b>Profit for the year (before adjustment for Minority Interest)</b>		<b>16131</b>	<b>22438</b>
Less: Share of profit / (loss) transferred to / (from) Minority Interest		(78)	20
<b>PROFIT FOR THE YEAR</b>		<b>16209</b>	<b>22418</b>
Earnings per equity share of face value of ₹ 10 each			
(1) Basic ₹		22.46	31.07
(2) Diluted ₹		22.46	31.07
Significant Accounting Policies			
Notes to Financial Statements	1 to 39		

As per our report of even date

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## Consolidated Cash Flow Statement

	For the year ended March 31, 2013 ₹ in Lakhs	For the year ended March 31, 2012 ₹ in Lakhs
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net profit before tax and extraordinary items</b>	<b>24358</b>	32847
Adjustments for :		
Depreciation, amortization & impairment	2027	1739
Dividend from investments - other	(2)	(1)
Dividend from investments - trade	-	(3)
(Profit) / loss on sale of fixed assets	22	21
(Profit) / loss on unrealized foreign exchange gain	579	(3198)
Premium on forward exchange contract amortized	(4)	(24)
Provision for warranty	382	416
Provision for contractual obligation	1395	2502
Provision for doubtful receivables	602	598
Share of minority interest	78	(20)
Interest expense (net)	17489	13548
<b>Operating profit before working capital changes</b>	<b>46926</b>	15578
(Increase) / decrease in trade receivables	(25095)	48425
(Increase) / decrease in inventories	(1203)	48162
(Increase) / decrease in current assets	(17443)	1036
(Increase) / decrease in loans and advances	451	(103933)
Increase / (decrease) in trade payables & provisions	1696	(4872)
	(41594)	(698)
<b>Cash Generated From Operations</b>	<b>5332</b>	(60305)
<b>Direct taxes (paid) / refund (Net)</b>	<b>1938</b>	(11880)
<b>Net cash flow from operating activities</b>	<b>7271</b>	(1882)
<b>B CASH FLOW FROM INVESTING ACTIVITIES :</b>		(13762)
Purchase of fixed assets	(16033)	(13061)
Sale of fixed assets	42	87
Purchase of investments	-	-
Capital reserve on consolidation	242	-
Decrease / (increase) in capital work-in-progress	(2223)	(1686)
Dividend from investments - other	2	1
Dividend from investments - trade	-	3
<b>Net cash flow from investing activities</b>	<b>(17970)</b>	(14656)
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term borrowings (repaid) / availed	(2948)	(122)
Payment of dividend	(5051)	(7216)
Tax on dividend paid	(820)	(1199)
Short term borrowings (repaid) / availed	48631	42107
Interest paid (net)	(17530)	(13244)
<b>Net cash flow from financing activities</b>	<b>22282</b>	20326
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>11583</b>	(8092)
Cash and cash equivalents as at 01.04.2012 (Op. Bal)	51920	60012
Cash and cash equivalents as at 31.03.2013 (cl. bal)	63503	51920
Cash on hand	25	18
On current accounts	2737	2447
On deposit accounts	60741	49455

As per our report of even date

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May 29, 2013

# Notes to consolidated financial statements

## SIGNIFICANT ACCOUNTING POLICIES

### a. Accounting Conventions

The consolidated Financial Statements of the Group have been prepared in accordance with Accounting Standard 21 “Consolidated Financial Statements” and Accounting Standard 27 “Financial Reporting of Interests in Joint Ventures”. The Consolidated Financial Statements are prepared under historical cost convention and following the accrual method of accounting in accordance with the Generally Accepted Accounting Principles in India (“I-GAAP”) and mandatory accounting standards as notified by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities Exchange Board of India (“SEBI”).

### b. Principles of Consolidation:

The basis of preparation of the Consolidated Financial Statements is as follows:

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

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

### c. Use of Estimates

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

### d. Fixed Assets & Intangible Assets

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

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

### e. Depreciation & Amortization

Depreciation on fixed assets is provided on straight line method in accordance with the rates prescribed under Schedule XIV of the Companies Act, 1956. Intangible assets are amortized over a period of 5 years on straight line basis.

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

Assets	Proportion of		Proportion of	
	Net Block March 31, 2013	Depreciation March 31, 2013	Net Block March 31, 2012	Depreciation March 31, 2012
Furniture & Fixtures	18%	18%	20%	31%
Vehicles	3%	6%	4%	4%
Office Equipments	10%	13%	5%	11%

### f. Investments

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

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

## Notes to consolidated financial statements

### g. Earnings per share (EPS)

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

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

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

### h. Revenue Recognition

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

### i. Inventories

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

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

Cost of inventories is determined on a weighted average basis.

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

### j. Foreign currency transactions

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

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

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

### k. Cash Flows

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

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

## Notes to consolidated financial statements

### **I. Income Taxes**

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

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

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

### **m. Impairment of Assets**

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

### **n. Employee Benefits**

#### **a) Short term employee benefits :**

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

#### **b) Post employment benefits:**

##### **i) Defined contribution plan:**

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

##### **ii) Defined benefit plan:**

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

#### **c) Other long-term employee benefits:**

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

#### **d) All actuarial gains/losses in respect of post employment benefits and other long term employee benefits are charged to the Statement of Profit and Loss.**

### **o. Borrowing Costs**

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

### **p. Leases**

Finance leases, which transfer to the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on

## Notes to consolidated financial statements

the implicit interest rate or incremental borrowing rate as applicable. Finance charges are charged directly against income. The costs identified as directly attributable to activities performed for a finance lease are included as part of the amount recognized as leased assets.

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

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

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

### q. Provisions

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

### r. Contingent Liabilities

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

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

## B. NOTES TO ACCOUNTS

1. 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

S.No.	Name of the company	Country of Incorporation	Extent of Holding (%) as on March 31, 2013	Goodwill or (Capital Reserve) on account of Consolidation	Extent of Holding (%) as on March 31, 2012	Goodwill or (Capital Reserve) on account of Consolidation
1	Progen Systems and Technologies Limited	India	69.67%	59	69.67%	59
2	BGR Boilers Private limited	India	70.00%	---	70.00%	---
3	BGR Turbines Company Private Limited	India	74.00%	---	74.00%	---
4	Sravanaa Properties Limited	India	100.00%	(242)	---	---

### Joint Ventures

S.No.	Name of the company	Country of Incorporation	Extent of Interest (%) as on March 31, 2013	Goodwill or (Capital Reserve) on account of Consolidation	Extent of Interest (%) as on March 31, 2012	Goodwill or (Capital Reserve) on account of Consolidation
1	Mecon - Gea Energy System (India) Limited (JV)	India	10% & 30% on two different construction projects	Nil	10% & 30% on two different construction projects	Nil

## Notes to consolidated financial statements

SHAREHOLDERS' FUNDS		As at March 31, 2013 ₹ in Lakhs	As at March 31, 2012 ₹ in Lakhs	
<b>1. SHARE CAPITAL</b>				
<b>Authorised</b>				
100000000 Equity Shares of ₹ 10/- each (100000000)		10000	10000	
<b>Issued, Subscribed and Paid up</b>				
72161560 Equity Shares of ₹ 10/- each (72161560)		7216	7216	
<b>a. Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting year</b>				
Equity shares				
	As at March 31, 2013 No. of Shares	As at March 31, 2013 ₹ in Lakhs	As at March 31, 2012 No. of Shares	As at March, 31, 2012 ₹ in Lakhs
Outstanding at the beginning of the year	72161560	7216	72161560	7216
Outstanding at the end of the year	72161560	7216	72161560	7216
<b>b. Terms/rights attached to equity shares</b>				
The company has one class of shares referred to as equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share.				
<b>c.</b> 54000000 (54000000) Shares out of the issued, subscribed and paid up share capital were allotted as bonus shares in the last five years by capitalization of profits.				
<b>d. Details of shareholders holding more than 5% shares in the company</b>				
	As at March 31, 2013		As at March 31, 2012	
	No. in Lakhs	% holding	No. in Lakhs	% holding
Mr. B. G. Raghupathy	19712160	27.32	19712160	27.32
Mrs. Sasikala Raghupathy	11579120	16.05	11579120	16.05
Priya Securities Private Limited	8640000	11.97	8640000	11.97
BGR Investments Holdings Company Limited	8640000	11.97	8640000	11.97
Vani Securities Private Limited	5428080	7.52	5428080	7.52
Arjun Securities Private Limited	4540320	6.29	4540320	6.29
<b>e.</b> The company has reserved issuance of 285858 (291100) Equity shares of ₹ 10/- each for offering to eligible employees of the company and its subsidiary under the employee stock option scheme - 2007. (Refer Note 32)				
<b>2. RESERVES &amp; SURPLUS</b>		As at March 31, 2013 ₹ in Lakhs	As at March 31, 2012 ₹ in Lakhs	
<b>i. Capital reserve on consolidation</b>				
		242	-	
<b>ii. Securities Premium Account</b>				
Opening balance		31895	31895	
Closing balance		-	-	
		31895	31895	
<b>iii. General reserve</b>				
Opening balance		10496	8261	
Add: Amount transferred from statement of profit and loss		1637	2235	
Closing balance		12133	10496	
<b>iv. Balance in statement of profit and loss</b>				
Opening balance		62143	47831	
Add: Profit for the year		16209	22418	
Less : Appropriations				
Proposed dividend		5051	5051	
Tax on proposed dividend		819	820	
Transfer to general reserve		1637	2235	
Closing balance		70845	62143	
		115115	104534	

## Notes to consolidated financial statements

3. LONG TERM BORROWINGS	As at March 31, 2013 ₹ in Lakhs	As at March 31, 2013 ₹ in Lakhs	As at March 31, 2012 ₹ in Lakhs	As at March 31, 2012 ₹ in Lakhs
	Non Current	Current	Non Current	Current
Secured				
i. Term loans from banks	1303	1298	4213	2182
ii. Fixed assets Loans				
a. from banks	-	11	12	41
b. from financial institutions	6	16	17	24
Unsecured				
iii. Deferred payment liabilities - Interest free sales tax loan	66	-	81	66
	1375	1325	4323	2313
Less : - Amount disclosed under the head "other current liabilities" (refer Note 8)	-	1325	-	2313
	<b>1375</b>	<b>-</b>	<b>4323</b>	<b>-</b>

Term Loan includes ₹ 1882 Lakhs (₹ 2463 Lakhs) from State Bank of Travancore is secured by a first charge on fixed assets of the Company. The loan is repayable in 20 quarterly equal installments starting from September 2011. Fixed assets loans are secured against the assets purchased out of the respective loans. Fixed Assets loans are payable in monthly installments. Fixed Assets purchased under Buyers Credit arrangements are payable on maturity.

4. OTHER LONG TERM LIABILITIES	As at March 31, 2013 ₹ in Lakhs	As at March 31, 2012 ₹ in Lakhs
Advance from customers	61689	22302
Trade payables	22467	42894
Other payables*	76	106
* Other payables include rent payable & retention	<b>84232</b>	<b>65302</b>

5. LONG TERM PROVISIONS	As at March 31, 2013 ₹ in Lakhs	As at March 31, 2012 ₹ in Lakhs
Provision for contractual obligation (Refer Note 37)	20076	18682
Provision for warranty (Refer Note 37)	2119	1763
Employee benefit - Gratuity	36	20
	<b>22231</b>	<b>20465</b>

6. SHORT TERM BORROWINGS	As at March 31, 2013 ₹ in Lakhs	As at March 31, 2012 ₹ in Lakhs
Secured		
Working capital loans from banks	218988	122857
Unsecured		
Unsecured loans - Banks	-	47500
	<b>218988</b>	<b>170357</b>

- The balance in project specific escrow account have been netted off against respective project's working capital loan account.
- The Company has availed Working Capital loans on pari-passu basis from State Bank of India and State Bank of Hyderabad. These loans are secured by hypothecation of inventories, trade receivables and movable assets of the Capital goods segment of the company. The 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.



## Notes to consolidated financial statements

- c) The Company has availed contract specific Working Capital loans from State Bank of India, State Bank of Hyderabad, State Bank of Travancore, State Bank of Patiala, State Bank of Bikaner & Jaipur, State Bank of Mysore, IDBI Bank, Punjab National Bank, Vijaya Bank, Indian Bank, Indian Overseas Bank, Corporation Bank, Allahabad Bank, Bank of India, Andhra Bank, Central Bank of India, Syndicate Bank, Axis Bank, ICICI Bank, ING Vysya Bank Ltd, Export Import Bank of India and The Karur Vysya Bank Limited. These loans are secured by hypothecation of inventories, trade receivables and movable current assets of the respective contracts. The participating banks share the securities on pari-passu basis.

<b>7. TRADE PAYABLES</b>	<b>As at March 31, 2013 ₹ in Lakhs</b>	As at March 31, 2012 ₹ in Lakhs
Micro and small enterprises	136	69
Others	104894	130612
	<b>105030</b>	<b>130681</b>

<b>8. OTHER CURRENT LIABILITIES</b>	<b>As at March 31, 2013 ₹ in Lakhs</b>	As at March 31, 2012 ₹ in Lakhs
Current maturities of long term borrowings (refer Note 3)	1325	2313
Current maturities of advance from customers	40785	29846
Interest accrued but not due on borrowings	458	499
Unpaid dividends	34	24
Other payables*	2655	3560
	<b>45257</b>	<b>36242</b>

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

<b>9. SHORT TERM PROVISIONS</b>	<b>As at March 31, 2013 ₹ in Lakhs</b>	As at March 31, 2012 ₹ in Lakhs
i. Provision for employee benefits		
Provision for bonus	58	42
Provision for leave encashment	291	268
Provision for gratuity	112	131
ii. Others		
Provision for warranty (Refer Note 37)	111	109
Proposed dividend	5051	5051
Provision for		
Tax on proposed dividend	819	820
Wealth tax	9	6
Income taxes (net)	576	122
	<b>7027</b>	<b>6549</b>

## Notes to consolidated financial statements

(₹ in Lakhs)

### 10. FIXED ASSETS

PARTICULARS	GROSS BLOCK		DEPRECIATION / AMORTISATION		NET BLOCK as at			
	As at March 31, 2012	During the year Additions/ Adjustments	Deletions	As at March 31, 2013	Up to March 31, 2012	Up to March 31, 2013	March 31, 2012	March 31, 2013
<b>Tangible Assets</b>								
Land *	11925	13489	-	25414	-	-	11925	25414
Buildings	2008	49	-	2057	68	-	1749	1730
Plant & Equipment	17645	1326	20	18951	945	5	13754	14120
Furniture & Fixtures	558	64	47	575	61	16	456	428
Office Fixtures	215	7	-	222	179	0	36	37
Office Equipments**	1076	270	140	1206	341	89	735	804
Electrical Installations	349	9	-	358	112	19	236	227
Vehicles	1563	170	65	1668	612	39	952	938
<b>Intangible Assets</b>								
Good will on consolidation	59	-	-	59	-	-	59	59
Technical Know-How***	856	295	-	1151	472	191	384	488
Software***	1701	354	28	2027	938	350	762	744
<b>TOTAL</b>	<b>37955</b>	<b>16033</b>	<b>300</b>	<b>53688</b>	<b>6906</b>	<b>1947</b>	<b>31048</b>	<b>44988</b>
As at 31.03.2012	25140	13061	246	37955	5305	1706	31048	31048

\* Additions to land includes ₹ 4200 lakhs on account of revaluation, based on valuation done by an independent registered chartered engineer.

\*\* Impairment loss recognised in the Statement of Profit and Loss during the financial year for Office equipments is ₹ 81 Lakhs (₹ 34 Lakhs) (Refer Note 44)

\*\*\* Both the assets are other than internally generated.

## Notes to consolidated financial statements

<b>11. NON-CURRENT INVESTMENTS</b> (Long-Term Investments)	As at March 31, 2013 ₹ in Lakhs	As at March 31, 2012 ₹ in Lakhs
<b>a) Trade investments (at cost)</b>		
<b>In Equity shares of other companies - Unquoted, fully paid up</b>		
10,000 GEA Cooling Tower Technologies (India) Private Limited (10,000) (Inclusive of 8000 bonus shares) of ₹ 10 each (₹ 20000 (₹20000))	0	0
1,00,900 Cuddalore Powergen Corporation Limited (1,00,900) of ₹ 10 each	10	10
<b>b) Other investments (at cost)</b>		
<b>i) In Equity shares of other companies - Quoted, fully paid up</b>		
13,970 Indian Bank (13,970) of ₹ 91 per share	13	13
<b>ii) In Mutual Funds - Quoted fully paid up - Face Value ₹ 10 each</b>		
50,000 SBI Mutual Fund-Magnum Multi Cap Fund - Dividend (50,000) units	5	5
2,50,000 SBI Mutual Fund-Infrastructure Fund - I - Growth (2,50,000) units	25	25
	<b>53</b>	<b>53</b>
1) Aggregate market value of quoted investments	49	60
2) Aggregate Book value of quoted investments	43	43
3) Aggregate Book value of unquoted investments	10	10
<b>12. LONG TERM LOANS AND ADVANCES</b>	<b>As at March 31, 2013</b> ₹ in Lakhs	<b>As at March 31, 2012</b> ₹ in Lakhs
i. Secured considered good		
Advance to suppliers	439	560
ii. Unsecured considered good		
Deposit	1459	1347
Loans and advance to related parties (Refer Note 30)	728	537
Capital advance	1523	1523
MAT credit entitlement	15479	17115
Other loans and advances*	6979	6251
	<b>26607</b>	<b>27333</b>

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

## Notes to consolidated financial statements

**Cochin Project:** The end client of Cochin Port Road Connectivity Project viz., Cochin Port Road Company Ltd., (SPV of NHAI) terminated the contract on 28.05.2007. Consequently, the end client encashed BGs for a value of ₹1270 lakhs furnished by the company on behalf of MECON – GEA (JV). The main contractor viz., MECON – GEA (JV) contested the termination of the contract. The disputes after having been reviewed by the Dispute Review Board are now subject to arbitration. The Arbitral Tribunal has passed preliminary order in favour of the JV, which is under challenge before the High Court of Delhi. The High Court of Delhi has passed the judgement recommending that the tribunal permit the NHAI to contest their disputes and to adjudicate the same on merits. The matter is listed for further evidence. The arbitral award is expected in due course of time. Based on legal opinion, the company has identified a sum of ₹ 1654 lakhs (₹1654 lakhs) as on March 31, 2013 as recoverable advances from the end client through the JV and is grouped under other loans and advances.

**Tuticorin Project:** The end client of Tirunelveli – Tuticorin Port Connectivity Project viz., Tuticorin Port Road Company Ltd (SPV of NHAI) has terminated the contract and encashed BGs for aggregate value of ₹ 2652 lakhs and the same were restituted as per orders of the High Court of Madras (Madurai Bench). The disputes, including termination of contract, after having been reviewed by the Disputes Review Board, are now subject to arbitration. The proceedings of the Arbitral Tribunal have commenced for cross examination of respondents witness. In view of these facts, the Company has identified the sum of ₹ 83 Lakhs (₹83 lakhs) as on March 31, 2013 as recoverable advances from the end client through the JV and is grouped under other loans and advances.

<b>13. OTHER NON-CURRENT ASSETS</b>	As at March 31, 2013 ₹ in Lakhs	As at March 31, 2012 ₹ in Lakhs	As at March 31, 2013 ₹ in Lakhs	As at March 31, 2012 ₹ in Lakhs
Unsecured				
Trade receivables - considered good (Refer Note 15.3)			49970	59779
Trade receivables - considered doubtful	1200	598		
Less:- Provision for doubtful receivable	1200	598	-	-
Margin money deposits - maturity more than 12 Months			9174	9051
Interest accrued on margin money deposits			411	251
			<b>59555</b>	<b>69081</b>
<b>14. INVENTORIES</b>			As at March 31, 2013 ₹ in Lakhs	As at March 31, 2012 ₹ in Lakhs
Raw materials and components			2082	2632
Consumables			19	19
Work-in-progress			2170	417
Loose tools			4	3
			<b>4275</b>	<b>3071</b>
<b>15. TRADE RECEIVABLES</b>			As at March 31, 2013 ₹ in Lakhs	As at March 31, 2012 ₹ in Lakhs
(Unsecured and considered good)				
Over six months			2803	2191
Others			283260	259380
			<b>286063</b>	<b>261571</b>

## Notes to consolidated financial statements

- 15.1 Trade receivables – Others, includes Retention amount of ₹127683 lakhs (₹120798 lakhs) which, in accordance with the terms of the contracts were not due for payments as at 31st March 2013.
- 15.2 The Company and State Company for Oil Projects, Iraq (Client) terminated with mutual consent the contract for two gas development projects in Iraq. The Company and Client agreed to settle contract claims by mutual agreement. Hence no provision or write off or write back on account of this contract is made in the books of account. The contract value is ₹ 40465 lakhs and the revenue recognised so far is ₹ 8362 lakhs. The balance receivable from the client and the amount of advance held by the Company are ₹ 4909 lakhs and ₹ 4998 lakhs, respectively.
- 15.3. The company has sought confirmation of balances of major trade receivables. In cases where letters of confirmation have been received from parties, book balances have been reconciled and adjusted, if required. In other cases, balances in accounts of trade receivables have been taken as per books of account.

<b>16. CASH AND BANK BALANCES</b>	As at March 31, 2013 ₹ in Lakhs	As at March 31, 2012 ₹ in Lakhs
<b>Cash and cash equivalents:</b>		
<b>Balances with banks :</b>		
- On Current accounts	2737	2447
- On deposit accounts	60741	49455
Cash on hand	25	18
<b>Other bank balances</b>		
Margin money deposits	34778	33469
On unpaid dividend accounts	34	24
	<b>98315</b>	<b>85413</b>

- 16.1 Fixed deposits maintained by the company with banks, other than margin money deposits, can be withdrawn by the company at any point without any prior notice or penalty
- 16.2 Bank balances of ₹ 3 Lakhs (₹ 3 Lakhs) are subject to confirmation.

<b>17. SHORT TERM LOANS AND ADVANCES</b>	As at March 31, 2013 ₹ in Lakhs	As at March 31, 2012 ₹ in Lakhs
Secured considered good		
Advance to suppliers	4428	8878
Unsecured considered good		
Loans and Advances to related parties (Refer Note 30)	1123	1092
Other loans and advances*	39556	42171
Deposits	87	200
	<b>45194</b>	<b>52341</b>

\* Includes advance to suppliers, employee loans, travel advances, prepaid expenses, CENVAT credit receivable, VAT credit receivable and forward contract valuation.

<b>18. OTHER CURRENT ASSETS</b>	As at March 31, 2013 ₹ in Lakhs	As at March 31, 2012 ₹ in Lakhs
Interest accrued on deposit accounts	941	2133
Contract in Progress	79032	52191
[Contract in progress includes unbilled revenue of ₹ 94425 Lakhs (₹ 71829 Lakhs) and unearned revenue of ₹ 15393 Lakhs (₹ 19638 Lakhs)]		
	<b>79973</b>	<b>54324</b>

## Notes to consolidated financial statements

<b>19. REVENUE FROM OPERATIONS</b>	<b>For the year ended March 31, 2013 ₹ in Lakhs</b>	<b>For the year ended March 31, 2012 ₹ in Lakhs</b>
Sale of manufactured goods	24499	30095
Less: Excise duty	1172	1658
	<u>23327</u>	<u>28437</u>
Contracting income	287308	316147
Erection & service income	540	207
Other operating revenue	151	259
	<u>311326</u>	<u>345050</u>
<b>20. OTHER INCOME</b>	<b>For the year ended March 31, 2013 ₹ in Lakhs</b>	<b>For the year ended March 31, 2012 ₹ in Lakhs</b>
Dividend from investments - quoted	2	1
Dividend from investments - unquoted	-	3
Interest on advances / refunds	1126	1395
Others	64	41
	<u>1192</u>	<u>1440</u>
<b>21. COST OF MATERIAL</b>	<b>For the year ended March 31, 2013 ₹ in Lakhs</b>	<b>For the year ended March 31, 2012 ₹ in Lakhs</b>
Opening inventory (Raw materials, consumables bought outs and components)	2651	3522
Add : Purchases	168980	216290
	<u>171631</u>	<u>219812</u>
Less: Closing inventory (Raw materials, consumables bought outs and components) (Refer Note 35)	2100	2651
	<u>169531</u>	<u>217161</u>
<b>22. COST OF MANUFACTURING &amp; CONSTRUCTION</b>	<b>For the year ended March 31, 2013 ₹ in Lakhs</b>	<b>For the year ended March 31, 2012 ₹ in Lakhs</b>
Subcontracting & processing Charges	59689	44371
Power & fuel	571	553
	<u>60260</u>	<u>44924</u>
<b>23. OTHER DIRECT COST</b>	<b>For the year ended March 31, 2013 ₹ in Lakhs</b>	<b>For the year ended March 31, 2012 ₹ in Lakhs</b>
Agency commission	169	552
Insurance	1030	482
Bank charges	4250	4232
Professional fees	379	193
Packing & forwarding	439	745
	<u>6267</u>	<u>6204</u>
<b>24. EMPLOYEE BENEFIT EXPENSES</b>	<b>For the year ended March 31, 2013 ₹ in Lakhs</b>	<b>For the year ended March 31, 2012 ₹ in Lakhs</b>
Salaries, allowances & bonus	18801	15635
Contribution to P.F., E.S.I., & Gratuity	703	693
Workmen & staff welfare expenses	1697	1262
	<u>21201</u>	<u>17590</u>

## Notes to consolidated financial statements

<b>25. FINANCE COST</b>	<b>For the year ended March 31, 2013 ₹ in Lakhs</b>	<b>For the year ended March 31, 2012 ₹ in Lakhs</b>
(a) Interest on working capital loans (net) (Refer Note 36)	17148	12754
(b) Interest on term loans	341	794
	<b>17489</b>	<b>13548</b>
<b>26. DEPRECIATION, IMPAIRMENT AND AMORTIZATION EXPENSE</b>	<b>For the year ended March 31, 2013 ₹ in Lakhs</b>	<b>For the year ended March 31, 2012 ₹ in Lakhs</b>
Depreciation of tangible assets (Including impairment loss) (Refer Note 10)	1485	1316
Amortization of intangible assets (Refer Note 10)	542	423
	<b>2027</b>	<b>1739</b>
<b>27. OTHER EXPENSES</b>	<b>For the year ended March 31, 2013 ₹ in Lakhs</b>	<b>For the year ended March 31, 2012 ₹ in Lakhs</b>
Rent (Refer Note 33)	2233	1756
Provision for doubtful receivables	602	598
Audit fees (Refer details below)	64	66
Bank charges	403	95
Conveyance & vehicle running expenses	428	406
Electricity charges	279	215
Foreign exchange loss	2790	1769
Insurance	113	81
Loss on sale of fixed asset (net)	22	21
Other administrative expenses	689	978
Professional charges	659	600
Rates and taxes	173	129
Repairs & maintenance		
- Building	49	63
- Machinery	79	179
- Others	1009	671
Security charges	156	175
Selling expenses	160	200
Sitting Fees	9	10
Telephone expenses	189	213
Travelling expenses		
- Domestic	1002	927
- Foreign	253	240
Provision for warranty (Refer Note 37)	382	416
Provision for contractual obligation (Refer Note 37)	1395	2502
	<b>13138</b>	<b>12310</b>
Payment to Auditors		
For Audit Fees	56	55
For Tax Matters	4	4
For Certification	4	7
	<b>64</b>	<b>66</b>

## Notes to consolidated financial statements

### 28. CONTINGENT LIABILITIES, GUARANTEES & CAPITAL COMMITMENTS

₹ in Lakhs

Particulars	As at March 31, 2013	As at March 31, 2012
<b>A Contingent Liabilities</b>		
Claims against the company not acknowledged as debt		
a) On account of Sales Tax	4228	3443
b) On account of Income Tax*	23045	6695
c) On account of Service Tax	37	-
d) On account of Contractual Obligations	2350	2350
e) On account of Royalty	4538	2138
<b>Guarantees</b>		
Guarantees and Counter Guarantees given on behalf of Other Company	661	270
<b>B Capital Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account	23145	29571

\* Income Tax demand includes a sum of ₹ 11495 Lakhs (6695 Lakh) which has been contested by the IT authorities before the Income Tax Appellate Tribunal.

\*\* Service tax demand represents a sum of ₹ 37 Lakhs (₹ Nil) which has been contested by the service tax authorities before the Customs Excise & Service Tax Appellate Tribunal.

### 29. SEGMENT REPORTING

#### Primary segment information (Business segments)

Information about Business Segments (information provided in respect of revenue items for the 12 months period ended March 31, 2013 and in respect of assets / liabilities as at March 31, 2013) are furnished below:

₹ in Lakhs

Particulars	For the year ended March 31, 2013			For the year ended March 31, 2012		
	Capital Goods Segment	Construction and EPC Contracts Segment	Total	Capital Goods Segment	Construction and EPC Contracts Segment	Total
a) Revenue	24617	286709	311326	32145	312905	345050
b) Result	1489	39166	40655	3815	41140	44955
<b>Add:</b> Un allocable Income net of expenditure	-	-	1192	-	-	1440
<b>Profit before Interest and Tax</b>	-	-	41847	-	-	46395
Interest	-	-	17489	-	-	13548
<b>Profit Before Tax</b>	-	-	24358	-	-	32847
<b>Provision for Taxation</b>	-	-	-	-	-	-
- Provision for Current Tax	-	-	5941	-	-	6590
- MAT Credit entitlement	-	-	-	-	-	(5147)
- Provision for Deferred Tax	-	-	2286	-	-	8966
- Total	-	-	8227	-	-	10409
<b>Net Profit After Tax</b>	-	-	16131	-	-	22438
c) Assets	34592	609871	644463	34849	559638	594487
<b>Add:</b> Unallocated Corporate Assets	-	-	13087	-	-	53
<b>Total Assets</b>	-	-	657551	-	-	594540
d) Liabilities	15128	240373	255501	19184	231283	250466
<b>Add :</b> Unallocated Corporate Liabilities	-	-	270667	-	-	223194
<b>Total Liabilities</b>	-	-	526168	-	-	473660
e) Capital Assets acquired during the year	199	15834	16033	1681	11380	13061
f) Depreciation, Amortisation & Impairment	283	1744	2027	239	1500	1739
g) Other non cash charges except depreciation, amortisation & impairment	611	1767	2378	34	3482	3516



## Notes to consolidated financial statements

### Secondary segment information (Geographic segments)

Particulars	Domestic		Overseas		Total	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
External revenue by location of Customers	306488	340371	4838	4679	311326	345050
Carrying amount of segment assets by location of assets	657551	594540	-	-	657551	594540
Capital Expenditure	16033	13061	-	-	16033	13061

### 30. PARTICULARS OF RELATED PARTIES

#### List of Related Parties

#### a. Other Companies (enterprises where significant influence exists and enterprises where key Management Personnel have significant influence)

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

#### b. Key Management Personnel

- i. Mr. B. G.Raghupathy Chairman & Managing Director
- ii. Mr. T. Sankaralingam Managing Director (relinquished office on 31.12.2012)
- iii. Mr. V. R. Mahadevan Director - Technologies & HR
- iv. Mr. A. Swaminathan Director - Sales & Marketing
- v. Mr. K. Chandrashekhar Director - Projects (appointed on 01.11.2012)
- vi. Ms. Swarnamugi Karthik Director - Corporate Strategy (appointed on 08.02.2013)

#### c. Relatives of Key Management Personnel

- i. Ms. Swarnamugi Karthi (Daughter of Mr. B. G.Raghupathy and Mrs. Sasikala Raghupathy) (appointed as Director - Corporate Strategy on 08.02.2013)
- ii. Ms. Priyadarshini Raghupathy (Daughter of Mr. B. G.Raghupathy and Mrs. Sasikala Raghupathy)
- iii. Ms. Vaani Raghupathy (Daughter of Mr. B. G.Raghupathy and Mrs. Sasikala Raghupathy)
- iv. Mr. Arjun Govind Raghupathy (Son of Mr. B. G.Raghupathy and Mrs. Sasikala Raghupathy)

### RELATED PARTY TRANSACTIONS

₹ in Lakhs

Particulars	Other Companies	Key Managerial Personnel	Relatives of Key Management Personnel	For the year ended March 31, 2013	For the year ended March 31, 2012
Sales	6454	-	-	6454	6716
Purchases	3995	-	-	3995	1906
Advance given	231	-	-	231	1203
Repayment of advance given	4	-	-	4	-
Remuneration	-	1794	30	1824	2241
Rent expense	115	45	-	160	118
Guarantee	661	-	-	661	270
Purchase of Asset	16	-	-	16	9
Others	-	25	-	25	14
Balance Outstanding	2368	(3)	-	2365	2903

## Notes to consolidated financial statements

### Disclosure in respect of related party transactions during the year :

- Sales represents, GEA Cooling Tower Technologies (India) Private limited ₹ 6454 lakhs (₹ 6716 lakhs)
- Purchase represents, GEA Cooling Tower Technologies (India) Private limited ₹ 3903 lakhs (₹ 1040 lakhs), GEA BGR Energy System India Limited. ₹ 92 lakhs (₹ 866 lakhs).
- Remuneration to key management personnel represents, Mr. B. G.Raghupathy ₹ 1319 lakhs (₹ 1771 lakhs), Mr. T. Sankaralingam ₹ 95 lakhs (₹ 127 lakhs), Mr. S. Rathinam ₹ Nil lakhs (₹ 94 lakhs), Mr. V. R. Mahadevan ₹ 122 lakhs (₹ 91 lakhs), Mr. A. Swaminathan ₹ 206 lakhs (₹ 129 lakhs), Mr. K Chandrashekar ₹ 40 lakhs (₹ Nil Lakhs), Ms Swarnamugi Karthik ₹ 13 Lakhs (₹ Nil Lakhs)
- Remuneration to relatives of key management personnel represents, Ms. Swarnamugi Karthik ₹ 16 lakhs (₹6 lakhs), Ms. Priyadarshini Raghupathy ₹ 8 lakhs (₹ 12 lakhs), Ms. Vaani Raghupathy ₹ 3 lakhs (₹ 1 lakhs), Mr. Arjun Govind Raghupathy ₹ 3 lakhs (₹ 2 lakhs), Mr. R. Prabhu ₹ Nil lakhs (₹ 8 lakhs)
- Rent paid represents, GEA Cooling Tower Technologies (India) Private limited ₹ Nil lakhs ( ₹ 24 lakhs) , GEA BGR Energy System India Limited. ₹ 0.34 lakhs (₹ 0.33 lakhs), Sasikala Estate Private Limited ₹ 106 lakhs (₹ 41 lakhs), ANI Construction Private Limited ₹9 lakhs (₹ 9 lakhs). Mr. B. G. Raghupathy ₹ 44 lakhs (₹ 44 lakhs)
- Purchase of Fixed Assets represents, GEA Cooling Tower Technologies (India) Private limited ₹16 lakhs (₹ Nil Lakhs), Cuddalore Powergen Corporation Limited ₹ Nil lakhs (₹ 9 lakhs)
- Others represents, Royalty to Mr. B. G. Raghupathy ₹ 25 lakhs (₹ 11 lakhs), Pragathi Computers Private Limited ₹ Nil lakhs (₹ 3 lakhs) towards travel and other admin expenses.
- Advance given represents, GEA BGR Energy Systems India Ltd ₹ 1 Lakhs (₹ Nil Lakhs), GEA Cooling Tower Technologies (India) Private Ltd ₹ 230 Lakhs (₹ Nil Lakhs).
- Repayment of advance given represents, BGR Odisha Powergen Limited ₹ Nil lakhs (₹ 21 lakhs), Nannilam Property Private Limited ₹ Nil lakhs (₹ 1178 lakhs), Mega Funds India Ltd ₹ 4 Lakhs (₹ 4 Lakhs)
- Balances outstanding (Net) represents, GEA Cooling Tower Technologies (India)Private Limited ₹ 1111 lakhs (₹1651 lakhs), GEA BGR Energy System India Limited ₹ 21 lakhs (Cr. bal) (₹ 20 lakhs (cr. bal)), Cuddalore Powergen Corporation Limited ₹ 671 lakhs (₹ 671lakhs), Nannilam Property Private Limited ₹ 508 lakhs (₹ 508 lakhs), Mega Funds India Limited ₹ 39 lakhs (₹ 43 lakhs), Schmitz India Private Limited ₹ 60 lakhs (₹ 60 lakhs), Mr. B.G.Raghupathy ₹ 3 Lakhs (cr. bal) (₹ 11 lakhs (cr. bal)).
- Guarantees given represents, GEA Cooling Tower Technologies (India) Private limited ₹ 661 lakhs (₹ 270 lakhs).

### 31. EARNINGS PER SHARE (EPS)

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

	For the year ended March 31, 2013 ₹ in Lakhs	For the year ended March 31, 2012 ₹ in Lakhs
<b>Basic EPS</b>		
Profit after tax as per accounts	16209	22418
Weighted average no. of shares (Face value ₹10 per share) (Lakhs Nos)	722	722
Basic EPS ( ₹)	22.46	31.07
<b>Diluted EPS</b>		
Profit for the year for Basic EPS	16209	22418
Less : Adjustment	-	-
Adjusted profit for Diluted EPS	16209	22418
Weighted average number of equity shares for Basic EPS (Lakh Nos.)	722	722
Add : Adjustment		
a. Employee stock option plan	-	-
b. Share applicaion advance	-	-
Weighted average no. of equity shares (Face Value ₹10 per share) for Diluted EPS (Lakh Nos.)	722	722
Diluted EPS ( ₹)	22.46	31.07

### 32. EMPLOYEE STOCK OPTION PLANS

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

## Notes to consolidated financial statements

### EMPLOYEE STOCK OPTION SCHEME – 2007

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

Vesting Schedule

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

Date of Vesting	Vesting Proportion	Time Based (Part A)	Performance Based (Part B)	Earliest Date of Exercise	Last Date of Exercise
Jan 3, 2009	33%	100%	-	Jan 3, 2009	Jan 3, 2014
Jan 3, 2010	33%	75%	25%	Jan 3, 2010	Jan 3, 2015
Jan 3, 2011	34%	75%	25%	Jan 3, 2011	Jan 3, 2016

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

Date of Vesting	Vesting Proportion	Time Based (Part A)	Performance Based (Part B)	Earliest Date of Exercise	Last Date of Exercise
Jan 3, 2009	25%	100%	-	Jan 3, 2009	Jan 3, 2014
Jan 3, 2010	25%	75%	25%	Jan 3, 2010	Jan 3, 2015
Jan 3, 2011	25%	75%	25%	Jan 3, 2011	Jan 3, 2016
Jan 3, 2012	25%	75%	25%	Jan 3, 2012	Jan 3, 2017

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

Particulars	2012-13	2011-12
Number of options outstanding in the beginning of the year	291100	335851
Number of options granted during the year	-	-
Number of options vested during the year	-	32444
Number of vested options cancelled	3637	17825
Number of unvested options cancelled	1605	27026
Number of vested options forfeited during the year	5242	44851
Number of options exercised during the year	-	-
Number of options outstanding at the end of the year	285858	291100*
Number of options exercisable at the end of the year	65816	70958

\*100 Options added since application for allotment of shares was withdrawn

### 33. LEASES

#### Operating Lease

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

The future minimum lease payments in respect of non-cancellable leases as at 31st March, 2013 are as follows:

₹ in Lakhs

Particulars	Total minimum lease payments outstanding as at	
	March 31, 2013	March 31, 2012
Due within one year	1162	340
Due later than one year and not later than five years	3511	1028
Due later than five years	499	790
<b>Total</b>	<b>5172</b>	<b>2158</b>

Lease rental expense in respect of operating leases recognized in the statement of profit and loss for the year: ₹ 2233 Lakhs (₹ 1756 Lakhs)

## Notes to consolidated financial statements

### 34. 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 ₹ 81 lakhs (₹ 34 Lakhs) in the books of accounts towards impairment of other fixed assets based on the technical valuation.

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

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

### 37. PROVISIONS

a) The company has made a provision / transfer of ₹ 1776 Lakhs (₹ 3451 Lakhs) towards Warranty and Contractual obligations on the products supplied / contracts executed by the company during the year.

Movement in provisions

₹ in Lakhs

Particulars	Provision for warranty	Provision for contractual obligations	Provision for warranty	Provision for contractual obligations
	12-13	12-13	11-12	11-12
Opening Balance	1873	18682	1457	15647
Add: Addition / Transfers	388	1405	431	3035
Less : a) Provision utilised	24	-	15	-
b) Provision reversed	7	11	-	-
Closing Balance	2230	20076	1873	18682

b) Current tax includes ₹ 160 Lakhs ( Nil ) being provision for income tax in respect of earlier years.

#### Deferred Tax

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

₹ in Lakhs

Component	Deferred tax asset as at March 31, 2013	Deferred Tax Liability as at March 31, 2013	Deferred tax asset as at March 31, 2012	Deferred Tax Liability as at March 31, 2012
Depreciation	-	1523	-	1201
Provision for Bad Debts	389	-	194	-
Impairment of Assets	82	-	55	-
Gratuity	75	-	78	-
PL Encashment	186	-	176	-
Others	453	-	428	-
Retention Money	-	41690	-	39471
<b>Total</b>	<b>1186</b>	<b>43213</b>	<b>931</b>	<b>40672</b>
Net		<b>42027</b>		<b>39741</b>

## Notes to consolidated financial statements

### 38. DETAILS OF ROUNDED OFF AMOUNTS

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

Description	Note	As at March 31, 2013 ₹ in Lakhs	As at March 31, 2012 ₹ in Lakhs
Investment in GEA Cooling Tower Technologies (India) Private Limited	11	0.2	0.20

### 39. PREVIOUS YEAR FIGURES

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

<b>V.R.MAHADEVAN</b> Director - Technologies & HR	<b>SWARNAMUGI KARTHIK</b> Director - Corporate Strategy	<b>K. CHANDRASHEKHAR</b> Director - Projects	<b>S.R.TAGAT</b> Director	As per our report of even date for M/s MANOHAR CHOWDHRY & ASSOCIATES Chartered Accountants
<b>M. GOPALAKRISHNA</b> Director	<b>M.S. SUNDARA RAJAN</b> Director	<b>S.A. BOHRA</b> Director	<b>GNANA RAJASEKARAN</b> Director	<b>G.R. HARI</b> Partner Membership No.206386
<b>HEINRICH BOHMER</b> Director	<b>R.RAMESHKUMAR</b> President - Corporate & Secretary	<b>P.R.EASWAR KUMAR</b> President & Chief Financial Officer		Chennai May 29, 2013
<b>B.G.RAGHUPATHY</b> Chairman & Managing Director	<b>SASIKALA RAGHUPATHY</b> Director			Singapore May 29, 2013

## Subsidiary Companies

### FINANCIAL INFORMATION

₹ in Crores

Sl. No.	Name of Subsidiary Company	Capital	Reserves	Total Assets	Total Liabilities	Details of Investments	Turnover including other income	Profit / (loss) before Taxation	Provision for Taxation	Profit/ (loss) after Taxation	Proposed Dividend	Country
1	Progen Systems and Technologies Limited	6.10	(2.28)	13.06	13.06	-	6.26	(2.72)	(0.10)	(2.62)	-	India
2	BGR Boilers Private Limited	135.58	(1.41)	153.49	153.49	-	2.02	(1.62)	0.08	(1.70)	-	India
3	BGR Turbine Company Private Limited	184.00	4.86	315.08	315.08	-	4.65	2.50	0.47	2.03	-	India
4	Sravanaa Properties Limited	0.17	130.11	130.36	130.36	-	0.08	(0.16)	-	(0.16)	-	India



## BGR ENERGY SYSTEMS LIMITED

**Registered Office:** A-5, Pannamgadu Industrial Estate, Ramapuram Post, Sullurpet Taluk, Nellore District, Pin: 524 401 Andhra Pradesh  
**Ph:** +91 44 27900181, 27948549 **Fax:** +91 44 27948249 **E-mail:** investors@bgrenergy.com **Website:** www.bgrcorp.com  
**Corporate Office:** 443, Anna Salai, Teynampet, Chennai 600018 India **Ph:** +91 44 24326171 **Fax:** +91 44 24364656

Notice to the Members of

### BGR ENERGY SYSTEMS LIMITED

Notice is hereby given that the 27<sup>th</sup> Annual General Meeting of the Members of BGR Energy Systems Limited will be held at the Registered Office at A-5, Pannamgadu Industrial Estate, Ramapuram Post, Sullurpet Taluk, Nellore District, Andhra Pradesh – 524 401 at 3.00 p.m. on Wednesday, September 25, 2013 to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2013, the Statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on equity shares.
3. To appoint a director in the place of Mrs.Sasikala Raghupathy, who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint a director in the place of Mr. Heinrich Bohmer, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a director in the place of Mr. A.Swaminathan, who retires by rotation and being eligible, offers himself for re-appointment.
6. 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.

#### SPECIAL BUSINESS

7. To consider and, if deemed fit, to pass the following resolution, with or without modification, as an Ordinary Resolution:  
 “RESOLVED that Mr. K.Chandrashekhar, in respect of whom the Company has received a notice in writing from a member proposing him as a candidate for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company and he is liable to retire by rotation.”
8. To consider and, if deemed fit, to pass the following resolution, with or without modification, as an Ordinary Resolution:  
 “RESOLVED that pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any of the Companies Act, 1956 (“the Act”) read with Schedule XIII of the Act (including statutory modification thereof for the time being in force) and subject to the approval of the Central Government, if required under the Act, the

approval of the shareholders is hereby granted for the appointment of Mr. K. Chandrashekhar to the office of Whole Time Director of the Company, for a period of 5 (Five) years with effect from November 1, 2012 on the terms and conditions as set out below and that the Board of Directors be and is hereby authorized to alter and vary the terms and conditions of the said appointment and remuneration within the overall limits as prescribed in Schedule XIII of the Companies Act, 1956 and as may be amended from time to time.”

- A. Designation : Director – Projects
- B. Remuneration

Sl. No.	Description	Amount (₹)
1.	Salary	2,00,000 per month
2.	Allowances and Perquisites	5,57,000 per month
3.	Performance Linked Incentive	45,00,000 per annum
4.	Annual Ex-gratia / bonus	As per the rules of the Company
5.	Other benefits	Mr. K. Chandrashekhar shall be entitled to casual leave, privilege leave and sick leave, company's contribution to provident fund, gratuity, leave encashment, use of the company's car and other benefits as per rules of the Company.

- C. The allowances and perquisites include the following:
  - (i) House rent allowance
  - (ii) Education allowance
  - (iii) Fuel and car maintenance reimbursement
  - (iv) Medical reimbursement for self and family
  - (v) Telephone at residence and mobile phone
  - (vi) Leave travel Allowance
  - (vii) Attire reimbursement
  - (viii) Driver salary reimbursement
  - (ix) Other permissible allowances and reimbursements as per rules of the Company.
- D. Performance Linked Incentive :  
 The appointee shall be entitled to a performance linked incentive of ₹ 45,00,000 (Rupees Forty five lakhs only) per annum. The Board shall determine the standards of performance and evaluation criteria on an annual basis.

The standards so determined by the Board may include the following:

- (a) Execution of contracts of the Company
- (b) Sales achieved for each financial year (Revenue recognised as per Accounting Standard 7)
- (c) Achievement of budget contribution, EBIDTA and profit before tax
- (d) Collection of receivables / debts
- (e) Completion of project milestones
- (f) Human resources management.

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

**E. Minimum Remuneration:**

The Chairman shall have the power and authority to vary, modify or alter the designation and remuneration determined hereinabove; provided however that the designation and remuneration so varied, modified or altered shall be in compliance with the provisions of the Articles of Association and within the ceilings and limits and in compliance with the conditions contained in the Schedule XIII of the Companies Act, 1956.

During the term of the appointment, where in any financial year during the tenure of Mr. K. Chandrashekhar, the Company incurs loss or its profits are inadequate, the Company shall pay to Mr. K. Chandrashekhar the above remuneration by way of salary, perquisites and performance linked incentive as minimum remuneration, subject however to the limits specified under Section II, Part II of Schedule XIII to the Companies Act, 1956.

The aggregate remuneration inclusive of salary, ex-gratia/ bonus, allowances, perquisites, performance linked incentive and other benefits taken together in respect of Mr.K. Chandrashekhar, shall always be subject to the overall ceiling laid down in Sections 198, 269 and 309 and other applicable provisions of the Companies Act, 1956.

"FURTHER RESOLVED that the Board be and is hereby authorized to do all such acts, deeds and execute all such documents in writing, as may be required and to delegate all or any of its power herein conferred to any Committee of Directors."

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

"RESOLVED that Ms. Swarnamugi Karthik, in respect of

whom the Company has received a notice in writing from a member proposing her as a candidate for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company and she is liable to retire by rotation."

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

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any of the Companies Act, 1956 ("the Act") read with Schedule XIII of the Act (including statutory modification thereof for the time being in force) and subject to the approval of the Central Government, if required under the Act, the approval of the shareholders is hereby granted for the appointment of Ms. Swarnamugi Karthik, to the office of Whole Time Director of the Company, for a period of 5 (Five) years with effect from February 08, 2013 on the terms and conditions as set out below and that the Board of Directors be and is hereby authorized to alter and vary the terms and conditions of the said appointment and remuneration within the overall limits as prescribed in Schedule XIII of the Companies Act, 1956 and as may be amended from time to time."

- A. Designation : Director – Corporate Strategy
- B. Role and Responsibility :

Subject to the superintendence, guidance and control of the Board of Directors and Chairman, Ms. Swarnamugi Karthik will be responsible to formulate strategies and for creating environment to enable operational excellence, productivity, strategic planning and achievement of corporate goals. Ms. Swarnamugi Karthik shall also perform such other functions and duties as shall, from time to time, be entrusted to her by the Board and / or Chairman.

- C. Remuneration :

Sl. No.	Description	Amount (₹)
1.	Salary	2,00,000 per month
2.	Allowances and Perquisites	5,00,000 per month
3.	Annual Ex-gratia / bonus	As per the rules of the Company
4.	Other benefits	Ms. Swarnamugi Karthik shall be entitled to casual leave, privilege leave and sick leave, company's contribution to provident fund, gratuity, leave encashment, use of the company's car and other benefits as per rules of the Company.



D. The allowances and perquisites include the following:

- i) House rent allowance
- ii) Education allowance
- iii) Fuel and car maintenance reimbursement
- iv) Medical reimbursement for self and family
- v) Telephone at residence and mobile phone
- vi) Leave travel Allowance
- vii) Attire reimbursement
- viii) Driver salary reimbursement
- ix) Other permissible allowances and reimbursements as per rules of the Company.

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

E. Minimum Remuneration:

The Chairman shall have the power and authority to vary, modify or alter the designation and remuneration determined hereinabove; provided however that the designation and remuneration so varied, modified or altered shall be in compliance with the provisions of the Articles of Association and within the ceilings and limits and in compliance with the conditions contained in the Schedule XIII of the Companies Act, 1956.

During the term of the appointment, where in any financial year during the tenure of Ms. Swarnamugi Karthik, the Company incurs loss or its profits are inadequate, the Company shall pay to Ms. Swarnamugi Karthik the above remuneration by way of salary, perquisites as minimum remuneration, subject however to the limits specified under Section II, Part II of Schedule XIII to the Companies Act, 1956.

The aggregate remuneration inclusive of salary, ex-gratia / bonus, allowances, perquisites and other benefits taken together in respect of Ms. Swarnamugi Karthik, shall always be subject to the overall ceiling laid down in Sections 198, 269 and 309 and other applicable provisions of the Companies Act, 1956.

"FURTHER RESOLVED that the Board be and is hereby authorized to do all such acts, deeds and execute all such documents in writing, as may be required and to delegate all or any of its power herein conferred to any Committee of Directors."

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

"RESOLVED that pursuant to the provisions of Section 314 (1) (b) and other applicable provisions, if any, of the Companies Act, 1956 ("the Act"), the consent of the Company be and is hereby accorded to the remuneration paid to Ms.Vaani Raghupathy as per the details given below and the Board of Directors be and is hereby further authorized to revise her remuneration as may be necessary from time to time; provided however that the remuneration so payable to Ms. Vaani Raghupathy shall not exceed ₹ 2,50,000/- (Rupees Two lakhs and fifty thousand only) per month except with prior approval of the Central Government under Section 314 (1B) of the Companies Act, 1956."

Remuneration	For the period from 1.2.2010 to 30.6.2010	For the period from 1.7.2010 to 30.6.2011	For the period from 1.7.2011 to 6.7.2011
Salary, allowances and reimbursements	₹ 12,100 per month	₹ 12,975 per month	₹ 18,618 per month

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

"RESOLVED that in partial modification of the resolution passed at the Annual General Meeting of the Company held on September 24, 2010 and in accordance with the provisions of Sections 198, 269, 309 and 310 and other applicable provisions of the Companies Act, 1956 and subject to Schedule XIII of the said Act (including any statutory modification thereof, for the time being in force), the approval of the shareholders be and is hereby accorded to the following variation of remuneration payable to Mr. V.R. Mahadevan, Director – Technologies & HR for the period from June 01, 2011 to May 31, 2012 and with effect from June 01, 2012 for the remainder of the current term of appointment."

Remuneration	For the period from June 01, 2011 to May 31, 2012 (in ₹)	Effective from June 01, 2012 (in ₹)
Salary per month	2,13,000	2,32,000
Allowances & Reimbursements per month	5,76,500	6,29,000
Performance Linked Incentive (payable on annual basis)	15,00,000	15,00,000

"RESOLVED FURTHER that all other terms and conditions of appointment / remuneration of Mr. V.R. Mahadevan, Director – Technologies & HR as approved by the members at the Annual General Meeting held on September 24, 2010 shall remain unaltered."

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

“RESOLVED that in partial modification of the resolution passed at the Annual General Meeting of the Company held on September 24, 2010 and in accordance with the provisions of Sections 198, 269, 309 and 310 and other applicable provisions of the Companies Act, 1956 and subject to Schedule XIII of the said Act (including any statutory modification thereof, for the time being in force), the approval of the shareholders be and is hereby accorded to the following variation of remuneration payable to Mr. A. Swaminathan, Director – Sales & Marketing for the period from February 05, 2011 to February 04, 2012 and with effect from February 05, 2012 for the remainder of the current term of appointment.”

Remuneration	For the period from February 05, 2011 to February 04, 2012 (in ₹)	Effective from February 05, 2012 (in ₹)
Salary per month	3,05,000	3,27,000
Allowances & Reimbursements per month	8,37,500	8,97,500
Performance Linked Incentive (payable on annual basis)	50,00,000	50,00,000

“RESOLVED FURTHER that all other terms and conditions of appointment / remuneration of Mr. A. Swaminathan, Director – Sales & Marketing as approved by the members at the Annual General Meeting held on September 24, 2010 shall remain unaltered”.

By order of the Board

Place : Chennai

Date : May 29, 2013

**R. RAMESH KUMAR**

President – Corporate & Secretary

**Notes :**

- i) **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member. Proxy in order to be valid shall be deposited at the Registered Office of the company at least 48 hours before the time fixed for the commencement of the meeting.**
- ii) The relevant explanatory statement as required under Section 173(2) of the Companies Act, 1956 in respect of the Special Business in the Notice is appended herewith.
- iii) The Register of Members and Share transfer book of the Company shall remain closed from Thursday, September 19, 2013 to Wednesday, September 25, 2013 (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 27th Annual General Meeting.

- v) Members holding shares in physical form are requested to notify any change in their address to the Registrar and Share Transfer Agent - Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai 400 078.
- vi) Members holding shares in electronic form should update their details with their respective depository participants.
- vii) For any assistance or guidance for dematerialization, shareholders are requested to contact the Company's Registrar and Share Transfer Agent or Investors Relations Centre at the Corporate Office of the Company.
- viii) Members who have not encashed the dividend warrants for the FY 2007-08, FY 2008-09, FY 2009-10, FY 2010-11 and FY 2011-12 are requested to write to the Company giving necessary details.
- ix) Members are requested to forward their queries on Annual accounts and other sections of the Annual Report to the Company Secretary at least 10 days in advance for enabling the Company to furnish replies / clarifications at the 27th Annual General Meeting.
- x) The Certificate from the Auditors of the Company certifying that the Employee Stock Option Scheme (“ESOS”) of the Company is being implemented in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 will be placed at the 27th Annual General Meeting and will be open for inspection.
- xi) Members are requested to bring their copy of the Annual report to the meeting along with duly signed attendance slip.

**Profile of Directors seeking re-appointment :**

- ii) Mrs. Sasikala Raghupathy has been associated with your Company as a Director since its incorporation. Mrs. Sasikala Raghupathy holds 1,15,79,120 shares in the equity share capital of the Company. Mrs. Sasikala Raghupathy does not hold membership in any Committee and she holds directorship in the following companies;

Sl. No.	Name of the Companies
1.	BGR Aquaatech India Limited
2.	Sasikala Estate Private Limited
3.	Menmai Estate Private Limited
4.	BGR Investment Holdings Company Limited
5.	Priya Securities Private Limited
6.	Vani Securities Private Limited
7.	Arjun Securities Private Limited
8.	BGR Power Limited
9.	ANI Constructions Private Limited
10.	Mega Funds India Limited
11.	GEA BGR Energy System India Limited
12.	BGR Turbines Company Private Limited

Sl. No.	Name of the Companies
13.	BGR Boilers Private Limited
14.	BGR Odisha Powergen Limited
15.	Accord Foundations Private Limited
16.	BGR Finance and Capital India Limited
17.	BGR Estate Holdings Limited
18.	Vaani Estates Private Limited
19.	Arjun Govin Estate Private Limited
20.	Sravanaa Properties Limited

xiii) Mr. Heinrich Bohmer is an independent director on the Board of your Company. Mr. Heinrich Bohmer is a Diploma holder in Mechanical Engineering from the Technical academy in Duisburg, Germany. He was inducted into the Board as independent director of the Company on July 18, 2007. He has been involved in research and development, design and sales departments in various power and chemical industries. Prior to joining the company's Board, he established EVU GmbH, an engineering company and retired as the Managing Director of Taprogge – MWD GmbH, Germany. Mr. Heinrich Bohmer does not hold share in the Company. Mr. Heinrich Bohmer is a member of Shareholders and Investors Grievance Committee of the Company. Mr. Heinrich Bohmer does not hold directorship in any other company.

xiv) Mr. A.Swaminathan holds a Bachelor's degree in Technology in Mechanical Engineering from the Indian Institute of Technology, Mumbai. Mr. Swaminathan has joined the Company in May, 1997 and working for the company for more than 15 years and contributed immensely in making the Company as market leader in Balance of Plant ("BoP") segment business in India and company's strategic foray in Engineering, Procurement and Construction ("EPC") segment business and was heading the Power projects division of the Company as President & CEO before elevated as Director - Sales & Marketing. Prior to joining the Company, Mr. Swaminathan served TATA Power Limited as General Manager - Projects and has more than three decades of overall experience in design, engineering, construction, erection, commissioning, operation and maintenance of Power projects.

Mr. A. Swaminathan holds directorship in Cuddalore Powergen Corporation Limited and BGR Boilers Private Limited. He holds 18000 shares in the Company and he is a member of Committee of Directors of the Company.

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

##### **Item No. 7 & 8**

The Board at its meeting held on November 01, 2012 has co-opted Mr. K. Chandrashekhar as an additional director and subsequently to the office of Whole Time Director of the Company for a period

of five years. Mr. K. Chandrashekhar is a Master of Technology in Electrical Engineering from the Indian Institute of Technology, Banaras, Varanasi. Mr. K. Chandrashekhar has previously worked in power sector industry in various capacities for more than 34 years. Prior to joining the Company, Mr. K.Chandrashekhar was working as Chief Project Director with Reliance Power Limited and he also held very senior positions with GDF Suez Energy International MEA, Tata Power, Essar Power, NTPC and other companies in the power sector. Mr.K.Chandrashekhar has rich experience in Business Development, Techno-commercial project appraisal, Risk Analysis, Investment Decisions, Project Development & Management, dealing with local environment and other related agencies essential for the project approvals.

The Board in order to strengthen the top management team appointed Mr. K. Chandrashekhar as Whole Time Director. He does not hold any shares in the Company and he is on the Board of BGR Odisha Powergen Limited. Mr. K. Chandrashekhar is a member of the Committee of Directors of the Company.

Mr. K. Chandrashekhar retires at the ensuing annual general meeting in terms of Section 257 of the Companies Act, 1956. The Company has received a notice from a member under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. K. Chandrashekhar for the office of Whole Time Director of the Company. In terms of Schedule XIII of the Act, the appointment and remuneration payable to a managerial person shall be approved by shareholders in general meeting. Accordingly, the approval of shareholders is sought by way of resolutions and the Board of Directors recommends the same.

None of the Directors is interested or concerned in this resolution except Mr. K. Chandrashekhar.

##### **Item No. 9 & 10**

The Board at its meeting held on February 08, 2013 has co-opted Ms. Swarnamugi Karthik as an additional director and subsequently to the office of Director – Corporate Strategy of the Company for a period of five years. She is an Engineering Graduate from the University of Madras and holds a post graduate qualification in Embedded Systems. She was inducted into the company in 2005 as Executive Assistant to the President and worked her way up in project execution. She has been involved in central procurement, corporate monitoring and business strategies. Ms. Swarnamugi Karthik is the daughter of Mr. B. G. Raghupathy, Chairman & Managing Director and Mrs. Sasikala Raghupathy, Director.

Ms. Swarnamugi Karthik does not hold any shares in the Company and she does not hold membership in any Committee and she holds directorship in the following companies;

Sl No.	Names of the Companies
1.	Sravanaa Properties Limited
2.	Progen Systems and Technologies Limited
3.	Accord Foundations Private Limited
4.	BGR Odisha Powergen Limited

SI No.	Names of the Companies
5.	BGR Flagsol Solar Power India Private Limited
6.	Cuddalore Powergen Corporation Limited
7.	ANI Constructions Private Limited
8.	BGR Estate Holdings Limited
9.	GEA BGR Energy System India Limited
10.	BGR Power Limited
11.	BGR Investment Holdings Company Limited

The Board in order to strengthen the top management team appointed Ms. Swarnamugi Karthik as Whole Time Director.

Ms. Swarnamugi Karthik retires at the ensuing annual general meeting in terms of Section 257 of the Companies Act, 1956. The Company has received a notice from a member under Section 257 of the Companies Act, 1956 proposing the candidature of Ms. Swarnamugi Karthik for the office of Whole Time Director of the Company. In terms of Schedule XIII of the Act, the appointment and remuneration payable to a managerial person shall be approved by shareholders in general meeting. Accordingly, the approval of shareholders is sought by way of Resolutions and the Board of Directors recommends passing of the same.

None of the Directors except Ms. Swarnamugi Karthik, Mr. B. G. Raghupathy and Mrs. Sasikala Raghupathy is interested or concerned in this resolution.

#### Item No.11

Ms. Vaani Raghupathy is the relative of Mr. B. G. Raghupathy, Chairman & Managing Director, Mrs. Sasikala Raghupathy, and Ms. Swarnamugi Karthik, Directors of the Company. The Board at its meeting held on 28<sup>th</sup> January 2009 approved the appointment of Ms. Vaani Raghupathy as Assistant on a remuneration of ₹ 10,000/- per month and also agreed for modifications in the position and remuneration as 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. Vaani Raghupathy shall not exceed ₹ 10,000/- per month except with the consent of the company by a Special resolution.

The following remuneration has been paid by the Company to Ms.Vaani Raghupathy;

Remuneration	For the period from 1.2.2010 to 30.6.2010	For the period from 1.7.2010 to 30.6.2011	For the period from 1.7.2011 to 6.7.2011
Salary, allowances and reimbursements	₹ 12,100 per month	₹ 12,975 per month	₹ 18,618 per month

As per the provisions of Section 314 of the Companies Act, 1956, the consent of the members is required for the payment of aforesaid remuneration and also for any increase in remuneration exceeding ₹ 50,000/- per month to Ms.Vaani Raghupathy. Accordingly the consent of shareholders is sought by way of a special resolution. The Board recommends passing of the resolution as a special resolution.

None of the Directors is concerned or interested in the aforesaid resolution except Mr. B.G. Raghupathy, Mrs. Sasikala Raghupathy and Ms.Swarnamugi Karthik.

#### Item No.12

Mr. V.R. Mahadevan was re-appointed to the office of Whole Time Director of the Company and designated as Director – Technologies & HR for a period of 5 (Five) years effective June 01, 2010 and the terms and conditions of his appointment was approved by the shareholders in the Annual General Meeting of the Company held on 24<sup>th</sup> September 2010. The Board of Directors at their meeting held on May 29, 2013 varied the remuneration payable to Mr. V.R. Mahadevan, Director – Technologies & HR for the period from June 01, 2011 to May 31, 2012 and with effect from June 01, 2012 for the remainder of the current term of appointment. In terms of Schedule XIII of the Act, the remuneration payable to a managerial person shall be approved by shareholders in the general meeting. None of the Directors is interested or concerned in this resolution except Mr.V.R.Mahadevan. The Board commends the resolution set out in the notice for your approval.

#### Item No.13

Mr. A. Swaminathan was re-appointed to the office of Whole Time Director of the Company and designated as Director – Sales & Marketing for a period of 5 (Five) years effective February 05, 2010 and the terms and conditions of his appointment was approved by the shareholders in the Annual General Meeting of the Company held on 24<sup>th</sup> September 2010. The Board of Directors at their meeting held on May 29, 2013 varied the remuneration payable to Mr. A. Swaminathan, Director – Sales & Marketing for the period from February 05, 2011 to February 04, 2012 and with effect from February 05, 2012 for the remainder of the current term of appointment. In terms of Schedule XIII of the Act, the remuneration payable to a managerial person shall be approved by shareholders in the general meeting.

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

By order of the Board

Place : Chennai  
Date : May 29, 2013

**R. RAMESH KUMAR**  
President – Corporate & Secretary



## BGR ENERGY SYSTEMS LIMITED

**Registered Office:** A-5, Pannamgadu Industrial Estate, Ramapuram Post, Sullurpet Taluk, Nellore District, Pin: 524 401 Andhra Pradesh  
**Ph:** +91 44 27900181, 27948549 **Fax:** +91 44 27948249 **E-mail:** investors@bgrenergy.com **Website:** www.bgrcorp.com  
**Corporate Office:** 443, Anna Salai, Teynampet, Chennai 600018 India **Ph:** +91 44 24326171 **Fax:** +91 44 24364656

### ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE VENUE OF THE MEETING. ONLY MEMBERS OR THEIR PROXIES ARE ENTITLED TO BE PRESENT AT THE MEETING.

**FOLIO NO. / DP ID & CLIENT ID  
NAME AND ADDRESS**

I hereby record my presence at the 27<sup>th</sup> ANNUAL GENERAL MEETING held at A-5, Pannamgadu Industrial Estate, Ramapuram Post, Sullurpet Taluk, Nellore District, Andhra Pradesh - 524 401 on Wednesday, September 25, 2013 at 3.00 p.m.

NAME OF THE PROXY IN BLOCK LETTERS	SIGNATURE OF THE SHAREHOLDER/ PROXY

## BGR ENERGY SYSTEMS LIMITED

**Registered Office:** A-5, Pannamgadu Industrial Estate, Ramapuram Post, Sullurpet Taluk, Nellore District, Pin: 524 401 Andhra Pradesh  
**Ph:** +91 44 27900181, 27948549 **Fax:** +91 44 27948249 **E-mail:** investors@bgrenergy.com **Website:** www.bgrcorp.com

### FORM OF PROXY

I/We ..... of (write full address) .....

being a Member/Members of BGR Energy Systems Limited hereby appoint .....  
of (write full address) .....

or failing him / her .....of (write full address) .....

as my/our proxy to attend and vote for me/us and on my/our behalf at the 27<sup>th</sup> ANNUAL GENERAL MEETING of the company to be held on Wednesday, September 25, 2013 at 3.00 p.m. and at any adjournment thereof.

Dated this ..... day of .....2013.

FOLIO NO. .... DP ..... CLIENT ID .....

Signed by the said.....

Affix  
15 paise.  
Revenue  
Stamp

Notes:

1. The proxy need not be a Member
2. The proxy form shall be deposited at the Registered Office at least 48 hours before the scheduled time for the meeting.



# Projects - National Footprint





## BGR ENERGY SYSTEMS LIMITED

### **Registered Office**

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

### **Corporate Office**

443, Anna Salai, Teynampet, Chennai - 600018 India

Phone : 91 44 24326171 | Fax : 91 44 24364656

Email : [investors@bgrenergy.com](mailto:investors@bgrenergy.com)

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