



# *Renewal*

BGR ENERGY SYSTEMS LIMITED  
28th ANNUAL REPORT **2013-14**

# 2013-14 : A YEAR OF RENEWAL

## BGR Energy signs ₹1,573 cr contract

Chennai-based EPC and BoP company BGR Energy Systems Ltd has signed a balance of plant (BoP) contract with the Odisha Power Generation Corporation for the latter's coal-based super thermal power project (2x660-Mw) at Banaharpalli in Jhasarguda district. The value of the contract is estimated to be Rs 1,573-crore. The order is to be completed in 44 months and 48 months respectively. The scope of work includes design, engineering, manufacture, procurement, supply, inspection, testing

July 12, 2013  
**Business Standard**

## His gentle ways hid a burning ambition

**M. Ramesh**  
Chennai, July 29

Back in the mid-1990s, when this correspondent came across GEA Energy Systems, which later morphed into BGR Energy Systems, its turnover was delightfully high, for its class of enterprises — Rs 20 crore!

GEA Energy Systems used to bag Engineering Export Promotion Council awards consistently. Inevitably, when *Business Line* bumped into the media-shy founder of the company, B.G. Raghupathy, the first impression was surprising.

While the appearance was deceptive, what was not was his burning ambition. It was very clear in the mid-1990s that Raghupathy would not rest until he



**B.G. Raghupathy**

had achieved something. For long, BGR, a company that supplied 'balance of plant' equipment (equipment in a power plant other than boilers and turbine-generators, such as coal and ash handling systems, electrical systems and civil works), picked

up the gauntlet thrown by an NTPC tender to win orders for six turbine-generators, valued in September 2011 at Rs 3,600 crore. A stunned market leader, public sector giant BHEL, then said that it did not need to pick up orders at the throwaway prices quoted by BGR. But later BHEL itself subcontracted two big turnkey jobs to BGR in 1999.

Earlier, in May 2010, BGR Energy had entered into a manufacturing joint venture with Hitachi Power Europe GmbH, to set up two manufacturing plants — for boilers and turbines. Last heard, these plants are suffering time delays. The manufacturing ventures and the Cuddalore power project stand mute testimony to Raghupathy's unfinished agenda.

July 30, 2013  
**Business Line**

THE TIMES OF INDIA  
August 1, 2013

THE HINDU  
September 20, 2013

THE TIMES OF INDIA, CHENNAI  
THURSDAY, AUGUST 1, 2013

## BGR Energy constitutes committee to manage ops

**Chennai:** The board of directors of BGR Energy Systems has constituted an empowered committee to carry forward the affairs of the company, following the demise of the company's founder, chairman and managing director B.G. Raghupathy, last Sunday.

The Rs 3,000-crore company will now be managed by an empowered committee consisting of V R Mahadevan, director - technologies, A Swaminathan, director - sales & marketing, K Chandrasekhar, director projects, Swarnamuthi Karthik, director - corporate strategy and R Ramesh Kumar, president - corporate & secretary. Raghupathy's wife Sasikala Raghupathy, who joined the company as director when it was formed, will continue to be a director of the board.

## BGR Energy to scout for offshore EPC projects

Special Correspondent

**CHENNAI:** The first unit of the 2 x 600 MW capacity coal-fired Kalsinith thermal power project of rajasthani Rashtriya Utpadan Nigam Ltd. has gone on stream.

Chennai-based BGR Energy Systems is the EPC (engineering, procurement and construction) contractor for the project.

The total size of the 2 x 600 MW project is Rs 5,164 crore.

### 600 MW projects

With the commissioning of the Kalsinith unit, BGR Energy has now executed EPC contract for two 600 MW projects. Both are coal-fired. The 600 MW project for Tamil Nadu Generation and Distribution Corporation (TANGEDCO) has already seen trial run, and gone commercial.

According to A Swaminathan, Director (Marketing), the Kalsinith unit has the tallest cooling tower in the world with an height of 202 metres. He expected the second unit at Kalsinith to go on stream in four months.

According to G. Anandhan, President (Projects), the company has faced chal-



Natural draft cooling tower at the Kalsinith power plant of Rajasthani Rashtriya Utpadan Nigam Ltd. in Rajasthan, claimed to be the world's tallest (202 metres).  
—PHOTO: HANDOUT/EMIL

The dry ash handling system at Mettur is the world's largest, he claimed. The experience in executing the two EPC projects for

bid for coal and gas-based power projects in markets such as the Gulf and South-east Asia. BGR Energy has a



## New management team at BGR Energy

Our Bureau

Chennai, Sept 25

A two-member team has been appointed to lead the operations of the Chennai-based BGR Energy.

A. Swaminathan, Director-Marketing, has been appointed the Joint Managing Director and Chief Executive Officer, and V.R. Mahadevan, Director Technology, has also been appointed a Joint Managing Director.

Sasikala Raghupathy, wife of late Raghupathy, founder-chairman of the turnkey engineering and contract company, has taken over as the Chairman. Raghupathy passed away last July.



## BGR bags first overseas EPC deal

G BALACHANDAR  
Chennai

BGR Energy Systems, EPC (engineering-procurement-construction) firm for power projects and power equipment maker, on Thursday said it has bagged its maiden overseas EPC contract in Iraq. The order is valued at \$246 million.

The company said it had signed a contract on October 13 with the Ministry of

Electricity, Republic of Iraq for executing EPC works for AL Nasiriya 500MW (4x125) Gas Turbine Power project.

The contract was won by BGR Energy through an International Bidding Process which included five other bidders - Hyundai (South Korea), STX (South Korea), Kinnekes (Turkey), KAYI Lotus (Turkey) and Enka (Turkey), said a company statement.

The order size of \$ 246 million comprises \$240 million for EPC and \$ 6 million for piling works. The EPC deal will cover design and plant engineering, civil works, 400KV/138KV gas insulated switchyard (GIS), electro-mechanical balance of plant (BoP), erection, installation and commissioning of gas turbines and six months of operation and maintenance. The designs have to match

the stringent UBC (Universal Building Code) and American Standards. The order is to be executed in 25 months. The order book of the company, including the AL Nasiriya Power Project contract, stands at Rs 13,525 crore.

BGR ENERGY/BSE Rs 112.90 ▼  
NSE Rs 112.55 ▼

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September 26, 2013

Business Line

October 18, 2013

FINANCIAL  
Chronicle International  
South Edition

THE HINDU

July 25, 2014

Business Line

July 28, 2014

## BGR wins fresh orders

CHENNAI: BGR Energy Systems Ltd has announced that it signed contracts worth Rs.303 crore for supplying equipment for projects across power, water and oil and gas sectors. The orders include supply of natural draught cooling towers to BHEL's thermal power project in Rajasthan. It also bagged orders to supply 400 KV air insulated switchgear sub-station and an export order worth \$ 6.7 million in oil and gas Sector. BGR has been awarded a water treatment plant project worth Rs.34.72 crore. The company claimed an order book of Rs.11,667 crore, according to a statement. - Special Correspondent

## BGR Energy – a year after the founder's demise

M RAMESH

Chennai, July 27

One year after the death of BG Raghupathy, the business he created seems to stand firm-footed, belying doomsayers' predictions of its collapse and whispers of an imminent takeover. If anything, the demise of the founder of the ₹3,300-crore BGR Energy Systems has forced the company to be run by professionals, which many see as a turn for the better.

It was Raghupathy's biggest legacy that enabled BGR to live on - a healthy order book - which gave room to the professional managers to fa-

knew the business well and in whom the promoter-family had faith—joint Managing Directors A Swaminathan and VR Mahadevan and President and Company Secretary Ramesh Kumar.

Raghupathy's wife, his two daughters— Swarnamukhi and Priyadarshini— and son Arjun sit in board meetings and in interactions with vendors, customers and financiers. (The third daughter, Vani, is expected to join them soon.)

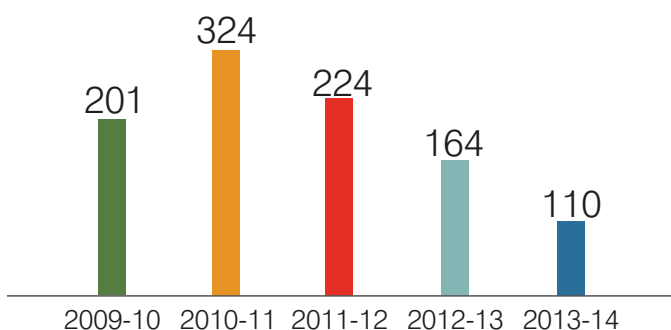
Observers point to one crucial change in the management of the company. Raghupathy's aggressive, top-line

# FINANCIAL HIGHLIGHTS

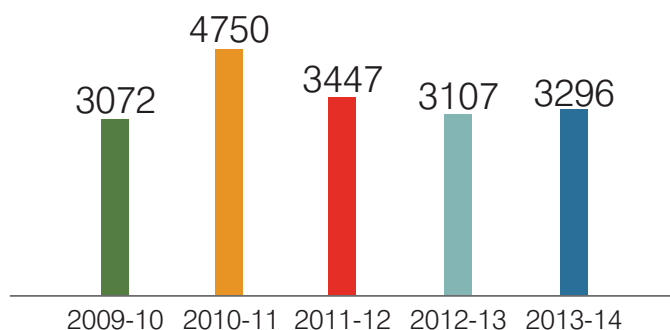
(₹ in Crores except per share data)

DESCRIPTION	2009-10	2010-11	2011-12	2012-13	2013-14
<b>SALES AND EARNINGS</b>					
Sales	3072.04	4750.29	3447.05	3107.17	3295.60
Other Income	21.91	19.12	5.26	5.44	0.50
EBIDTA	348.04	540.17	473.10	433.34	393.18
PAT	201.02	324.20	223.52	163.67	109.95
<b>ASSETS</b>					
Fixed Assets	149.45	175.39	198.41	210.28	198.05
Investments	4.78	136.80	235.85	363.71	363.61
Other Asset (Net)	1514.31	2285.56	2849.78	3284.17	3272.11
<b>Total Assets</b>	<b>1668.54</b>	<b>2597.75</b>	<b>3284.04</b>	<b>3858.16</b>	<b>3833.77</b>
<b>FUNDED BY</b>					
Equity Share Capital	72.00	72.16	72.16	72.16	72.16
Reserves & Surplus	631.20	877.60	1042.41	1147.38	1231.61
Networth	703	950	1115	1220	1304
Deferred Taxes	158.91	311.68	401.35	424.28	510.66
Borrowings	806.43	1336.31	1768.12	2214.34	2019.34
<b>Total Liabilities</b>	<b>1668.54</b>	<b>2597.75</b>	<b>3284.04</b>	<b>3858.16</b>	<b>3833.77</b>
EPS (₹)	27.92	44.97	30.98	22.68	15.24
Dividend per equity share (₹)	7.00	10.00	7.00	7.00	3.00

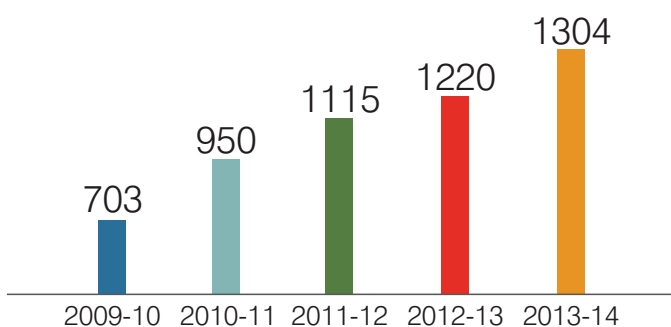
**PAT (₹ in Crores)**



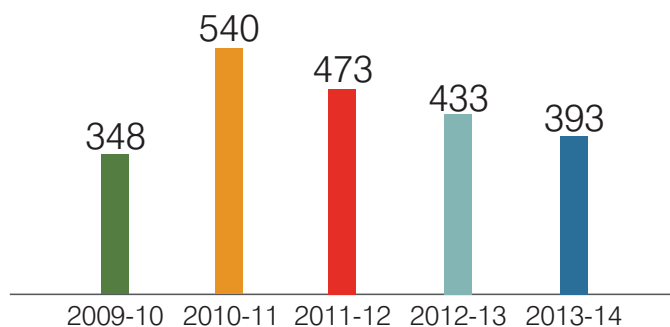
**Sales (₹ in Crores)**



**NETWORTH (₹ in Crores)**



**EBIDTA (₹ in Crores)**



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Sasikala Raghupathy  
Chairman

V. R. Mahadevan  
Joint Managing Director

A. Swaminathan  
Joint Managing Director & CEO

Swarnamugi Karthik  
Director - Corporate Strategy

M. Gopalakrishna  
Director

S. A. Bohra  
Director

S. R. Tagat  
Director

M. S. Sundara Rajan  
Director

Gnana Rajasekaran  
Director

Heinrich Bohmer  
Director

## COMPANY SECRETARY

R. Ramesh Kumar

## CHIEF FINANCIAL OFFICER

P. R. Easwar Kumar

## STATUTORY AUDITORS

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

## INTERNAL AUDITORS

J V Associates  
V Krishnan & Co.  
Ramachandran & Murali  
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  
Union Bank of India  
Dena Bank

## REGISTERED OFFICE

A-5 Pannamgadu Industrial Estate,  
Ramapuram Post, Sullurpet Taluk,  
Nellore District, Andhra Pradesh 524401  
CIN : L40106AP1985PLC005318

## CORPORATE OFFICE

443, Anna Salai, Teynampet,  
Chennai 600018 India

## REGIONAL OFFICES

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

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

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

## WEB SITE

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

## REGISTRAR & SHARE TRANSFER AGENT

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

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# DIRECTORS' REPORT

## To the Members of BGR ENERGY SYSTEMS LIMITED

Your directors have pleasure in presenting Twenty Eighth Annual Report together with the audited financial statements for the year ended March 31, 2014.

## FINANCIAL RESULTS

The highlights of the financial performance of the Company during the financial year ended March 31, 2014 as compared with the previous financial year ended March 31, 2013 are summarized below:

Description	(₹ Crore)	
	2013-14	2012-13
Income from operations	<b>3295</b>	3107
Other income	<b>0.50</b>	5
Total Income	<b>3296</b>	3112
Earnings before Interest, Depreciation, Tax and Amortization	<b>393</b>	433
Profit before tax	<b>192</b>	245
Tax Expense	<b>82</b>	81
Net Profit	<b>110</b>	164
Amount available for appropriation	<b>110</b>	164
Less :		
a) Dividend	<b>22</b>	51
b) Tax on dividend	<b>4</b>	8
c) Transfer to general reserve	<b>11</b>	16
Balance carried to Balance Sheet	<b>73</b>	89

## Dividend and Appropriation

Your Board of Directors have recommended a dividend of ₹ 3/- per equity share of ₹ 10/- each subject to the approval of the Members at the forthcoming 28th Annual General Meeting. This will result in dividend payment of ₹ 21.65 crores and payment of dividend tax of ₹ 3.68 crores. The dividend will be paid to members whose names appear on the Register of Members as on September 25, 2014 and as informed to the Company by National Securities Depository Limited and Central Depository Services (India) Limited, in respect of shares held in demat mode. Your directors wish to carry an amount of ₹ 73.62 crores to the Balance Sheet after appropriation towards dividend, corporate dividend tax and transfer to general reserve.

## PERFORMANCE REVIEW

During the year, your Company has received Letter of Award from Odisha Power Generation Corporation for execution of BoP works for

2 × 660 MW Thermal Power Plant in the State of Odisha. Your Company won its first BoP international contract to execute a 4 × 125 MW Gas based Power Plant at Nasiriyah, Iraq and the Ministry of Electricity, Government of Iraq issued the Letter of Award on October 13, 2013.

Your Company has completed commissioning of unit 1 (1 × 600 MW EPC) of Kalisindh project and unit 2 (1 × 600 MW EPC) of the same project is under progress. In respect of Mettur Project (1 × 600 MW EPC) trial operations were completed and the plant is under commercial operation.

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

In respect of Super Critical technology space secured through NTPC's bulk tender process, Your Company is progressing in the execution of contracts viz. NTPC Solapur (2×660 MW Boiler and its auxiliary), DVC Raghunathpur (2×660 MW Boiler and its auxiliary), NTPC Lara (2x800 MW STG and its auxiliary) and NTPC Meja (2×660 MW Boiler and its auxiliary). Your company is executing these Boiler contracts in collaboration with BGR Boilers Private Limited and Hitachi Power Europe. The contract for supply of Steam Turbine and Generator to Lara project is being executed in collaboration with BGR Turbines Company Private Limited and Hitachi Japan.

Your Company is initiating execution of new contracts secured during the year Viz. OPGCL-Odisha (2X660 MW BoP), Nasiriyah GTPP-Iraq (4x125 MW EPC).

As part of emphasis on achieving high standards of Quality Management, Power Projects Division received ISO 9001:2008 Certification.

Air Fin Cooler division has retained its dominant market leadership in Indian market and secured orders from Reliance and BPCL. Excellence in execution backed by senior level customer relationship and strategies has helped your Company to achieve highest order booking of ₹ 241 Crore. AFC has earned highest ever profit during the year by product mix and cost reduction strategies. The outlook for AFC business is quite promising in the international market, especially in Oman and Kuwait with major investments happening.

In the year 2013-14, Electrical Project Division saw one more year of achievement in establishing its core competency of the Division as a source of engineering excellence. During the year under review by active cooperation of selected manufacturers and suppliers, division carried out extensive type test and seismic test to verify

and obtain approval for supplies of Major range of electrical equipment required for Nuclear Power Projects. During the year 400 KV GIS was installed and commissioned for TANGEDCO for their 1×600 MW Mettur Thermal Power Project (Stage III) at Mettur, Salem District and also achieved 6000 kms in terms of total live line installation of OPGW.

Environmental Engineering Division has bagged India's largest Deaerator package from L & T for NPCIL for 2×700 MW RAPP and also bagged first export order to Raksaya, Indonesia for Deaerator. EED completed first CPU PG Test at BHEL (GSECL), Ukal -1×500 MW and the Second CPU PG Test in progress at North Chennai 2×500 MW-Unit II. Your Company has bagged first WTP order on EPC basis from Public Works Department, Government of Odisha - 42 MLD Water supply to Puri town. The overall financial performance of the division during the year has been generally in line with the market conditions which have not been very encouraging. Nevertheless, the division could register many operating achievements during the year.

Oil & Gas Equipment Division with a breakthrough order from Reliance, is ready for turn around. OGED is working for a major order for Gathering Centers. During the year under review, prime focus was on getting registration and establishing customer approvals.

## INDIAN POWER SECTOR SCENARIO

With a production of 1,006 TWh (including captive generation), India is the fifth largest producer and consumer of electricity in the World. Although power generation has grown over 100-fold since independence, demand growth has been even higher due to accelerating economic activity.

The country's installed power generation capacity has more than doubled to 237.74 GW during the past 10 years and the current thermal installed capacity in the country stands at 163.30 GW. For the 12th Five-Year Plan, a total of 88.5 GW of power capacity addition is targeted, of which 72.3 GW constitutes thermal power. Thus, the total capacity addition targeted was 18,432 MW, while the actual capacity addition achieved till Feb'14 was 12,539 MW.

## EPC INDUSTRY ANALYSIS

The EPC companies represent an important cog in the wheel of power capacity addition in the country. Over the past few years, some large EPC companies have witnessed impressive growth in their revenues and order books. However, this growth is not reflected in their bottom line performance.

This slowdown/squeeze in profits can be attributed to multiple causes – time overruns due to regulatory bottlenecks, cost overruns, inflationary pressures,

# DIRECTORS' REPORT

project delays, commodity price fluctuations, aggressive bidding, resource constraints, delayed payments from clients, inability to receive design in time and scope change approvals from clients. All these factors, adversely impacted project cash flows and consequently interest outgo and lower profits. The added debt burden affects overall profitability. Furthermore, companies have been adversely affected by the slowdown in award of projects, execution hurdles and rising interest rates. This has resulted in stretched working capital requirements and has led to an increased debt burden on the balance sheet. In the present scenario, companies face an increasing need to realign their strategies and focus on profitability as against revenue growth.

## FUTURE OUTLOOK, THE YEAR AHEAD

Your Company has been able to sustain the ongoing sluggish period in the Power Sector in terms of new order intake and implementation of existing projects. The recent positive economical and policy indicators in the form of fast track approval process for new projects adopted by Government; debt restructuring to rejuvenate the SEB's, coal allocation for projects, have had favourable effect on the sector and the dividends of the same will be witnessed in the coming years.

The Company is poised to further strengthen its position in domestic market. The Company is currently in an active transition mode to gear up from a Domestic EPC Company to a Global EPC solution provider of International standards and repute. New methodology in project and civil work execution, new strategies for talent management, additional capital investment in Plant and Machinery for increased mechanization, strategies to ramp up the HSE policies, quality of workmanship are being actively pursued.

The Company will focus aggressively on products catering to the process industry in the oil & gas and petrochemical sectors. The equipment offering of your Company such as Air Fin Cooler, Deaerator and CPU were able to gain the significant market share and are now the most preferred product supplier for many of the large conglomerates in India and abroad. New methodology implemented for cost reduction in manufacturing, improvements in quality and service of these products have reaffirmed market prominence in these segments.

The first International EPC order for a Power Project in Iraq, has enabled the Company to ascertain the Company's core Engineering and Project Management capabilities and instill confidence to international clients of your Company's capability as a Global EPC company. The Company will strive to demonstrate significant presence in the South East Asian Markets and Middle East where number of coal and gas based power projects are planned. These markets would continue to

attract big investment due to their low per capita consumption of electricity, high demand and vast energy resource availability. Hence, your Company would strive to further gain strength in International markets by targeting projects of high value.

## PROGRESS AND STATUS OF JOINT VENTURE

### BGR Boilers Private Limited and BGR Turbines Company Private Limited

These joint venture companies with Hitachi have substantially completed acquisition of private lands required for the project and engaged in the process of acquiring the necessary government lands. The Companies meanwhile have obtained construction permits for the proposed manufacturing plant. During the year the Joint Venture Partner Hitachi Power Europe GmbH, Germany (HPE) as part of global integration of thermal power system business of MHI and Hitachi has merged its thermal Power business with Mitsubishi Heavy Industries Limited to form a new joint venture "Mitsubishi Hitachi Power Systems Limited". HPE has indicated that they will however continue with the Joint Venture in India and the matters of concern arising due to the global integration of thermal power business between Hitachi and MHI are being addressed and your Company is looking forward to find mutually beneficial and acceptable solutions.

## 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 accounts 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

Skill development continues to be the focus during this year as well. Training is an important aspect of people development which enables

enhancement of technical, behavioural and managerial skills of the employees and therefore, it is imperative for any organization to provide adequate opportunities and encouragement to its employees to learn and develop.

Keeping the above in view, a detailed exercise was carried out to map the competency requirements and identify competency gaps of each employee and based on such competency gaps, suitable training programs were designed and implemented across levels / functions / locations. During the year, 112 training programs were organised and 2228 participants attended the programs across the organization.

## 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, 2014 are attached as Annexure – I of this 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 2013-14, the Foreign exchange earnings and outgo were ₹ 17995 lakhs and ₹ 679 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.

## LEADERSHIP

Mr. B.G. Raghupathy, Founder/Chairman of the Company passed away on July 28, 2013. Your directors wish to place on record its deep grief and sorrow on the untimely and sudden



# DIRECTORS' REPORT

demise of the visionary leader, who steered the Company and built BGR Energy Systems Limited as a professionally competent and competitive company in the Power sector. Subsequent to the untimely demise of Mr.B.G.Raghupathy the Board of Directors on July 31, 2013 constituted an "Empowered Committee of Directors" with substantial powers of management so as to enable seamless transition until such time the Promoter group and the Board make decision on appointment of Chairman of the Board and Managing Director. The Empowered Committee discharged all important functions and affairs of the Company at apex level. Mrs. Sasikala Raghupathy was appointed as Chairman of the Board of Directors of the Company by the Board of Directors on September 11, 2013. Thereafter, the Board and Promoters with careful consideration and analysis has appointed a leadership team consisting of two joint managing directors effective from October 2013.

Accordingly, Mr. V.R.Mahadevan was re-designated as Joint Managing Director and Mr. A.Swaminathan was appointed as Joint Managing Director & CEO. Mr. Mahadevan is entrusted with responsibility of technology initiatives, joint ventures and capital projects, technology infrastructure, and strategic collaboration. Mr. Swaminathan will lead the whole of business operations including Progen Systems and Technologies Limited.

## BOARD OF DIRECTORS

Mr. M.Gopalakrishna and Mr. S.A.Bohra, Directors, retire by rotation and being eligible, offer themselves for re-appointment as independent directors to hold office consecutively for a term up to March 31, 2019. The Board recommends their re-appointment. In terms of Section 149 and other applicable provisions of the Companies Act, 2013 the Board recommends the re-appointment of remaining independent directors namely Mr. S.R.Tagat and Mr. Heinrich Bohmer to hold office consecutively for a term up to March 31, 2019 and Mr. M.S.Sundara Rajan and Mr. Gnana Rajasekaran to hold office consecutively for a term up to the conclusion of Annual General

Meeting in the year 2019. Profile of the directors is given in the notice convening the 28<sup>th</sup> annual general meeting of the Company.

## 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, 2014, 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, 2014 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, 2014 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 re-appointment. Manohar Chowdhry & Associates, Chartered Accountants confirmed that their re-appointment, if made, would be within the limits prescribed under Section 139

of the Companies Act, 2013 and that they are not disqualified for re-appointment in terms of Section 141 of the Companies Act, 2013.

## COST AUDITORS

The Board of Directors at its meeting held on May 30, 2014 approved the appointment of Mr. R. Vaidhyanathan, Cost Accountant as the Cost Auditor of the Company for the Financial year 2014-15, pursuant to the applicable provisions under the Companies Act, 2013. Pursuant to Section 209(1)(d) of the Companies Act, 1956 Cost Audit Report for the Financial year ended March 31, 2013 issued by Mr. R.Vaidhyanathan, Cost Accountant was submitted to the Central Government on November 08, 2013.

## CORPORATE GOVERNANCE

A Report on Management Discussion & Analysis of Performance and Compliance of Corporate Governance under clause 49 of the listing agreement and Certificate from auditors confirming compliance of conditions of Corporate Governance 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 to the bankers for their continued support and timely financial 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 : Chennai  
Date : 30.05.2014

**Sasikala Raghupathy**  
Chairman

# DIRECTORS' REPORT

## ANNEXURE – I

### Disclosure in the Directors' Report as per SEBI Guidelines:

Particulars	2013-14
Options Outstanding in the Beginning of the Year	285,858
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	14,462
g Variation in terms of Options	None
h Money realised by exercise of Options	0
i Total number of options in force	271,396
j employee wise details of options granted to	
(i) Senior Managerial Personnel	None
(ii) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year.	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'	15.24

### Pro Forma Adjusted Net Income and Earning Per Share

Particulars	₹ In Million
<b>Net Income</b>	
<b>As Reported</b>	1099.5
Add: Intrinsic Value Compensation Cost	0.00
Less: Fair Value Compensation Cost	0.88
<b>Adjusted Pro Forma Net Income</b>	1100.38
<b>Earning Per Share: Basic</b>	
As Reported	15.24
Adjusted Pro Forma	15.24
<b>Earning Per Share: Diluted</b>	
As Reported	15.24
Adjusted Pro Forma	15.24
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.

# DIRECTORS' REPORT

## 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	<p>In case of imported technology (imported during the last five years reckoned from the beginning of the financial year), following information may be furnished:</p> <p>(a) Technology imported</p> <p>(b) Year of import</p> <p>(c) Has technology been fully absorbed</p> <p>(d) If not fully absorbed areas where this has not taken place, reasons there for and future plans of action.</p>	<p>Technology relating to Design, engineering and manufacture of Heat Recovery Steam Generators</p> <p>2010</p> <p>Under implementation</p> <p>–</p>



# REPORT ON CORPORATE GOVERNANCE

## 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 eleven 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 promoter director who is the Chairman of the Board.

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

None of the Directors on the Board is a member of more than ten Committees or Chairman of more than five Committees across all the companies in which he/she is a Director. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2014 have been made by the Directors.

## MEETINGS AND ATTENDANCE OF THE BOARD DURING THE YEAR

The Board Meetings are held at the Corporate Office. The Agenda for the meeting is prepared by the President – Corporate & Secretary in consultation with the Chairman and Joint Managing Directors of the Company. As part of endeavor to improve the practices with regard to the Board Meetings, the agenda and the relevant papers are circulated in advance to facilitate the members of the Board to take informed decisions and discharge their responsibility effectively. Where it is not practicable to attach or forward any document/ information as part of the agenda papers, the same are tabled at the meeting or 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 Committees of the Board.
- iii) Disclosure of interest of Directors.
- iv) Minutes of the meetings of the Board and its Committees, viz., Audit, Investors relationship, Compensation Committee, Share Transfer and Committee of Directors.
- v) Statutory compliance report on quarterly basis.

- vi) Corporate Governance compliance.
- vii) Action taken on the minutes of the previous meetings of the Board and Committees.
- viii) Corporate Budget including Capital expenditure budget.
- ix) Review of Project wise and division wise budget Vs actual performance.
- x) Progress of the EPC, BOP and Capital goods contracts and profitability.
- xi) Quarterly, half yearly and annual financial statements of the Company and Subsidiary companies.
- xii) Appropriation of profits to dividend and reserves.
- xiii) Investment in Joint ventures and Subsidiaries.
- xiv) Progress of Joint venture companies and capital projects.
- xv) Audit Committee's recommendations on internal and statutory audits, auditor recommendation, accidents and untoward incidents.
- xvi) Show cause notices and other material legal action against the Company.

During the Financial Year 2013-14, 7 (seven) Board Meetings were held on May 29, 2013, July 31, 2013, August 08, 2013, September 11, 2013, September 25, 2013, November 13, 2013 and February 10, 2014 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 25, 2013 and particulars of their directorships and committee memberships in other companies are given below:

# REPORT ON CORPORATE GOVERNANCE

Name & Category of the Director	Attendance at meetings during 2013-2014		No. of Directorship in other Companies@	No. of Committee Membership & Chairmanship in other Companies#
	Board Meetings	At Last AGM held on September 25, 2013		
B.G.Raghupathy* Chairman & Managing Director, Promoter, Executive	-	N.A.	15	-
Swarnamugi Karthik, Director – Corporate Strategy, Non-Independent Executive	7	Yes	8	-
K.Chandrashekhar, Director - Projects, Executive	7	Yes	1	1
A. Swaminathan Joint Managing Director & CEO, Executive	6	Yes	2	-
V.R. Mahadevan Joint Managing Director, Executive	7	Yes	3	-
Sasikala Raghupathy,** Chairman, Promoter, Non-Executive	4	Yes	10	-
Heinrich Bohmer Director, Independent	4	No	-	-
M. Gopalakrishna Director, Independent	7	Yes	9	3
S.A. Bohra Director, Independent	7	Yes	-	-
S.R. Tagat Director, Independent	7	Yes	-	-
Gnana Rajasekaran Director, Independent	5	Yes	1	1
M. S. Sundara Rajan Director, Independent	6	Yes	11	5

Yes – Present

No – Absent

\* Mr.B.G.Raghupathy, Founder Chairman of the Company passed away on July 28, 2013.

\*\* Mrs.Sasikala Raghupathy was appointed as Chairman of the Board on September 11, 2013.

@ Excludes private companies and foreign companies.

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

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

## REMUNERATION OF DIRECTORS PAID DURING FY 2013-14

(₹ in Lakhs)

Name of Director	Remuneration		Sitting Fees*
	Salary & Allowances	Exgratia	
B.G. Raghupathy,** Chairman & Managing Director	43.72	-	--
Swarnamugi Karthik, Director – Corporate Strategy	87.29	0.63	--
K.Chandrashekhar, Director – Projects	96.38	1.04	--
A.Swaminathan# Joint Managing Director & CEO	203.48	2.70	--
V.R. Mahadevan,# Joint Managing Director	144.71	1.87	--
Sasikala Raghupathy, Chairman	--	--	1.00
Heinrich Bohmer, Director	--	--	1.20
M. Gopalakrishna, Director	--	--	2.80

Name of Director	Remuneration		Sitting Fees*
	Salary & Allowances	Exgratia	
S.A. Bohra, Director	--	--	2.40
S.R. Tagat, Director	--	--	2.00
Gnana Rajasekaran, Director	--	--	1.00
M. S. Sundara Rajan, Director	--	--	1.00

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

\*\* Mr. B.G. Raghupathy, Chairman & Managing Director of the Company ceased to be Chairman & Managing Director with effect from July 28, 2013.

# Salary includes arrears paid for the earlier years for Mr.V.R. Mahadevan ₹ 22.07 lakhs and Mr.A.Swaminathan, ₹ 38.24 lakhs respectively.

# REPORT ON CORPORATE GOVERNANCE

Details of Shares of the Company held by Directors as on March 31, 2014 and Options granted under ESOS 2007 to the Directors held by them as on March 31, 2014 are as below:

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

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

## COMMITTEES OF THE BOARD

The Board constituted the following committees:

### AUDIT COMMITTEE

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

The members of the Audit Committee are:

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

The Composition of the Audit Committee is in conformity with Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. The Joint Managing Directors, Chief Financial Officer and Statutory Auditor of the Company are permanent invitees to the Audit Committee Meetings. The internal auditors are also invited as are relevant for consideration of audit report. 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, financial, 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 following 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, internal auditors and cost auditors and fixation of 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 effectiveness of internal audit function.
- Review of action taken on observations of internal auditors.
- 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.
- 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.
- Review of Company's financial and Risk Management Policies.
- Review of all mandatory reports furnished by the Board to the Shareholders.
- Review of compliance with tax Laws and review statutory tax compliance.
- Audit of fixed assets and adequacy of insurance cover.
- Scrutiny, audit and review of payroll and all employee charges.
- Review of construction and project activities at project locations.
- Review of financial statements of unlisted subsidiary companies.
- 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 2013-14 on May 29, 2013, August 08, 2013, November 12, 2013 and February 10, 2014.

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
Swarnamugi Karthik*	1

\* Mrs.Swarnamugi Karthik was inducted as a Member of the Audit Committee on November 13, 2013.



# REPORT ON CORPORATE GOVERNANCE

The Chairman of the Audit Committee Mr. S.R. Tagat attended the previous Annual General Meeting of the Company held on September 25, 2013.

## COMMITTEE OF DIRECTORS

Consequent to the demise of the Promoter/Chairman, Mr. B.G.Raghupathy, the Board of Directors at its meeting held on July 31, 2013 reconstituted the Committee of Directors as 'Empowered Committee' with substantial powers of management so as to enable seamless transition until such time the Promoter group and the Board make decision on appointment of Chairman of the Board and Managing Director. The following persons were the members of the Empowered Committee.

Mr. V. R. Mahadevan,  
Director – Technologies & HR

Mr. A. Swaminathan,  
Director – Sales & Marketing

Mr. K. Chandrashekhar,  
Director – Projects

Mrs. Swarnamugi Karthik,  
Director – Corporate Strategy; and

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

## SCOPE OF EMPOWERED COMMITTEE

Empowered Committee was vested with power to exercise superintendence, control, direction and guidance over whole of the operations and affairs of the company including subsidiaries of the company and the Committee also have the power to constitute sub-committee or working group or task force to carry into effect such businesses as may be delegated to by the Committee with such power and authority and discretion in respect of matters delegated to them.

Subsequently on appointment of Chairman and Joint Managing Directors, the Board in its meeting held on November 13, 2013 the Empowered Committee was reconstituted as "Committee of Directors" with the following members:

Mrs. Sasikala Raghupathy,  
Chairman

Mr. V. R. Mahadevan,  
Joint Managing Director

Mr. A. Swaminathan,  
Joint Managing Director & CEO

Mr. K.Chandrashekhar,  
Director - Projects

Mrs. Swarnamugi Karthik,  
Director – Corporate Strategy; and

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

The quorum for Committee meetings is three.

There were 8 (eight) meetings of Empowered Committee /Committee of Directors held during Financial Year 2013-14 on April 29, 2013, July 24, 2013, September 21, 2013, October 04, 2013, November 21, 2013, December 13, 2013, January 21, 2014 and March 07, 2014.

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	--
Swarnamugi Karthik	5
K.Chandrashekhar	5
A. Swaminathan	5
V. R. Mahadevan	7
Sasikala Raghupathy	4
R. Ramesh Kumar	5

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

1. To exercise superintendence, direction, guidance and control over the affairs of the company and subsidiaries and to exercise all such powers and to do all such acts and things as the Company and Board are authorised to exercise and do in respect of any business or transaction for which the respective Joint Managing Directors are not vested with power and authority or other matters of importance; provided that the Committee shall not exercise any power or do act or thing which is directed or required to be exercised or done by the Board or at a general meeting under the provisions of the Companies Act, 1956 or Memorandum and Articles of Association of the company or by any other law for the time being in force or by any statutory authority.
2. Borrowing moneys from Banks, NBFCs, companies, firms, and other institutions by way of overdraft, cash credit, hire purchase, lease and other funded and non-funded facilities (i.e., guarantees, letters of credit), lines of credit or otherwise and hire purchase, leasing, bills discounting or any other form of borrowings; provided that the total amount so borrowed and outstanding at any time shall not exceed ₹ 10,000 Crore (Rupees Ten Thousand crore) and all such borrowings shall be in the ordinary course of business and be repayable on demand except hire purchase and lease or the like transactions.
3. To open, close banking accounts for the company; and to determine the day to day operations of all banking accounts of the company and to authorise such persons, as the Committee may determine from time to time, for operating such accounts.

4. To delegate and empower officers of the Company and its subsidiaries and other persons to do such acts, deeds and things as may be necessary in carrying on the business of and in the interest of the Company and to comply with statutory requirements and such officers and persons as may be empowered by a deed of power of attorney, which shall be executed by any member of the Committee for and on behalf of the Company.
5. To affix the Common Seal of the company to any document, instrument in the presence of Mrs. Sasikala Raghupathy, Chairman or Mr. V.R.Mahadevan, Joint Managing Director or Mr. A. Swaminathan, Joint Managing Director & CEO or Mrs. Swarnamugi Karthik, Director – Corporate Strategy of the company wherever necessary and countersigned by Mr. R. Ramesh Kumar, President – Corporate & Secretary of the company in terms of Article 68 of Articles of Association of the company.
6. To constitute sub-committee or working group or task force to carry into effect any business or transaction together with such power and authority and discretion in respect of matters delegated to them.

## COMPENSATION COMMITTEE

Consequent to the demise of Founder/Chairman, Mr. B.G.Raghupathy, the Compensation Committee was re-constituted by the Board on November 13, 2013 and the re-constituted Committee comprises of Mrs. Sasikala Raghupathy, Chairman of the Committee, Mr. M. Gopalakrishna and Mr. S. A. Bohra, Members of the Committee.

The terms of reference, powers and other matters in relation to the Compensation Committee will be in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended from time to time.

The Compensation Committee met twice during the year on August 08, 2013 and February 10, 2014.

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

Name of the Member	No. of Meetings attended
S.A. Bohra	2
M. Gopalakrishna	2
Sasikala Raghupathy	1

## SHAREHOLDERS AND INVESTORS GRIEVANCE COMMITTEE

The Shareholders and Investors Grievance Committee was constituted by the Board and the Committee comprises of Mr. M. Gopalakrishna,

# REPORT ON CORPORATE GOVERNANCE

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 124 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, 2014, there were no pending share transfers. The Committee met twice during the year on August 08, 2013 and February 10, 2014 and reviewed the status of pending investor complaints and steps taken by the Company.

Securities and Exchange Board of India (SEBI) vide its circular dated June 3, 2011, has commenced the processing of investor complaints in a centralized web based complaints redressal system 'SEBI Complaint Redressal System' ("SCORES"). Pursuant to this circular, all the complaints pertaining to the company are sent electronically through SCORES. The Company views and submits Action Taken Reports ("ATRs") along with the supporting documents electronically in SCORES.

The number of meetings attended by each member of the 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

Consequent to the demise of Founder/Chairman, Mr. B.G.Raghupathy, the Share Transfer Committee was re-constituted by the Board on November 13, 2013 and the re-constituted committee consists of Mrs. Sasikala Raghupathy, Chairman, Mr. S.R. Tagat, Director, Mr. V. R. Mahadevan, Joint Managing Director and Mrs. Swarnamugi Karthik, Director – Corporate Strategy as members of the Committee.

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

- To approve remat request and issue physical share certificates.
- To approve and register, transfer and transmission of equity shares.

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

Mr. R. Ramesh Kumar, President – Corporate & Secretary acts as the secretary to all the Board Committees 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
2012-13	September 25, 2013	3.00 P.M.	Registered Office
2011-12	September 21, 2012	3.00 P.M.	Registered Office
2010-11	September 22, 2011	3.00 P.M.	Registered Office

- Special resolutions passed in the previous three Annual General Meetings.

2012-13	Payment of Remuneration to Ms. Vaani Raghupathy, relative of Director
---------	-----------------------------------------------------------------------

2011-12	No Special resolution
---------	-----------------------

2010-11	Appointment of Mr. Arjun Govind Raghupathy, relative of Director
---------	------------------------------------------------------------------

- Special resolution passed through postal ballot –

No special resolution was passed through postal ballot during the Financial Year 2013-14. 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 Joint Managing Director & CEO under Clause 49 affirming compliance with the code of conduct by all members of the Board and the senior management personnel for the year ended March 31, 2014 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, A. Swaminathan, Joint Managing Director & CEO of BGR Energy Systems Limited, to the best of my knowledge and belief, declare that all the members of the Board of Directors and senior management personnel have affirmed compliance with the code of conduct of the Company for the year ended March 31, 2014.

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

Place: Chennai  
Date: May 30, 2014

# REPORT ON CORPORATE GOVERNANCE

## SUBSIDIARY COMPANIES

The Company has the following subsidiary companies:

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

None of the subsidiaries is a material non-listed subsidiary, 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, 2014.

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

- a) The financial statements, in particular the investment made by the unlisted subsidiary companies, if any, are reviewed by the Audit Committee as well as by the Board.
- b) The minutes of Board meetings of the subsidiaries are placed and noted at the Board meetings of the Company.
- c) The progress 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 of Key Management Personnel	For the year ended 31.03.2014	For the year ended 31.03.2013
Sales	--	2736	--	--	2736	6454
Purchases	18459	2493	--	--	20952	4047
Advances given	39364	534	--	--	39898	14228
Repayment of Advance given	--	--	--	--	0	4
Investment made	--	--	--	--	0	12787

Particulars	Subsidiary Companies	Other Companies	Key Management Personnel	Relatives of Key Management Personnel	For the year ended 31.03.2014	For the year ended 31.03.2013
Sale of Investment	--	44	--	--	44	0
Remuneration	--	--	582	44	626	1824
Rent expenses	18	98	42	--	158	165
Guarantees	51	661	--	--	712	869
Purchase of fixed Asset	--	--	--	--	0	16
Sale of fixed Asset	--	--	--	--	0	31
Others	--	--	25	--	25	25
Balance Outstanding	36528	1412	-47	--	37893	17212

## COMPLIANCE WITH SECURITIES LAWS

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

As per Clause 40A of the listing agreement the Company is required to comply with the minimum public shareholding requirements specified in Rule 19 (A) of the Securities Contracts (Regulation) Rules 1957 and accordingly the Company was required to achieve the same on or before June 03, 2013. The promoter group launched an Offer for Sale on June 03, 2013 for sale of 44,22,830 shares constituting 6.13% of capital and valid bids were received for 22,47,466 shares amounting to dilution of 3.12% only. Thus the Company could not comply with the requirement to the extent of 3.01%. Consequently, SEBI in an interim order dated June 04, 2013 inter alia frozen voting rights of promoters in respect of shares held over 75% and restrained the promoters and directors from holding new directorship in listed entities for non-compliance of the same. Thereafter, the promoter group launched another Offer for Sale on July 05, 2013 and divested the balance 21,75,364 shares. The company had thereby complied with the minimum public shareholding requirement on and from July 05, 2013. The compliance has been intimated to SEBI on July 11, 2013 with a request to vacate the aforesaid interim order dated June 04, 2013. Subsequently, SEBI has called for a personal hearing on August 07, 2013 and passed the final order on September 04, 2013 completely revoking the directions made in its interim order dated June 04, 2013.

## RECONCILIATION OF SHARE CAPITAL AUDIT

A qualified Practising 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 newspaper (Telugu) and also posted on the Company's website [www.bgrcorp.com](http://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 for corporates, in order to enhance the quality and speed of submission and assist in moving towards paperless submission of documents to the exchange.

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

## GENERAL SHAREHOLDER INFORMATION

### Day, date, time and venue of the 28th Annual General Meeting:

AGM Date	: September 25, 2014
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,



# REPORT ON CORPORATE GOVERNANCE

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

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

- i) Mr. S.A. Bohra is an independent director and holds a Bachelor's degree in Mechanical Engineering from Jodhpur University. He was inducted into the Board of the Company on July 18, 2007. Mr. Bohra served as Senior Executive Director (Technical) of Nuclear Power Corporation of India Limited, Advisor of Tata Power Company and also served on the Board of various Public Limited companies and Government companies. Mr. Bohra was governor on the Board of WANO (World Association of Nuclear Operators), Tokyo center. Mr. Bohra does not hold any share in the Company. Mr. Bohra is a member of Audit Committee and Compensation Committee. Mr. Bohra does not hold directorship in any other company.
- ii) Mr. M. Gopalakrishna is an independent director and is a graduate in Science and Law from Osmania University, and did an Advanced Management Program in Banff School of Management, Canada. He was inducted into the Board of the Company on July 18, 2007. He is a retired officer of the Indian Administrative Service ("IAS") and has served on the Boards of various public limited companies in the capacity of Chairman, Managing Director and Director. He was Chairman of Rural Electrification Corporation Limited, Assam Gas Company Limited and Andhra Pradesh State Financial Corporation and Managing Director of Godavari Fertilisers and Chemicals Limited. Mr. Gopalakrishna does not hold any share in the Company. Mr. Gopalakrishna is a member of Audit Committee, Compensation Committee and Chairman of Shareholders & Investors Grievance Committee. Mr. Gopalakrishna holds directorship in the Companies mentioned below.

SI No.	Names of the Companies
1.	Jocil Limited
2.	Sentini Bio-products Private Limited
3.	Pitti Laminations Limited
4.	Goldstone Infratech Limited
5.	Arani Power Systems Limited
6.	Kernex Microsystems (India) Limited
7.	Vijayasri Organics Limited
8.	Nuziveedu Seeds Limited
9.	NSL Textiles Limited
10.	NSL Renewable Power Private Limited
11.	Suven Life Sciences Limited

- iii) Mr. V.R. Mahadevan, Wholetime Director, re-designated as Joint Managing Director holds a Bachelor's degree in Electrical Engineering. He joined the Company in the year 1987 and served the Company for more than two decades in various capacities and has proven experience in project management, engineering, sales and business management. Mr. Mahadevan is a member of Shareholders and Investors Grievance Committee and Committee of Directors of the Company. Mr. Mahadevan holds 716 equity shares of the Company. Mr. Mahadevan is a director of the companies given below:

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

- iv) 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, in the year 2010. 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 Progen Systems and Technologies Limited, Cuddalore Powergen Corporation Limited and BGR Boilers Private Limited. He holds 18,000 shares in the Company and he is a member of Committee of Directors of the Company.

- v) Mr. S.R. Tagat is an independent Director on the Board of your company. Mr. Tagat, a Chartered Accountant holds a Bachelor's degree in Commerce. He was inducted into the Board as independent director of the Company on July 18, 2007. Mr. Tagat has earlier served in various State public sector

enterprises and handled audit of corporates, banks and insurance companies. Presently, Mr. Tagat is a partner in a reputed firm of Chartered Accountants. Mr. Tagat is the Chairman of the Audit Committee and a member of Share Transfer Committee of the Company. Mr. Tagat holds 135 equity shares of the Company. Mr. Tagat does not hold directorship in any other company.

- vi) Mr. M.S. Sundara Rajan, holds Master Degree in Economics and is an associate member of the Institute of Company Secretaries of India and a Certified Associate of Indian Institute of Bankers. He was inducted into the Board as independent director of the Company on November 14, 2011. Mr. Sundara Rajan retired as Chairman & Managing Director, Indian Bank on 31st March, 2010. He has served in banking sector for more than three decades in various capacities including at Board levels of various subsidiary companies of Indian Bank. Mr. Sundara Rajan brings with him rich and vast experience in credit, merchant banking, corporate banking, housing finance, fund management and other strategic areas of banking. Mr. Sundara Rajan does not hold any share in the Company. Mr. Sundara Rajan holds directorship in companies given below.

SI. No.	Names of the Companies
1.	NSDL Database Management Limited
2.	The Clearing Corporation of India Limited
3.	Aadhar Housing Finance Private Limited
4.	Sundaram Trustee Company Limited
5.	Royal Sundaram Alliance Insurance Company Limited
6.	My Mobile Payments Limited
7.	Sharda Cropchem Ltd
8.	Kisan Mouldings Limited
9.	Gitanjali Gems Limited
10.	MSA Holdings Private Ltd
11.	Centbank Financial Services Ltd
12.	Revetec Technologies (India) Private Ltd
13.	Capital First Ltd
14.	Happy Insurance TPA Services Pvt Ltd
15.	Computer Age Management Services Private Limited

- vii) Mr. Gnana Rajasekaran, holds Master Degree in Physics and is a retired officer of the Indian Administrative Service. He has served on the Boards of various Public Sector undertaking in the capacity of Chairman / Managing Director for more than two decades. He was Secretary to Government, Energy and Labour departments,

# REPORT ON CORPORATE GOVERNANCE

Government of Kerala and Chairman, Kerala State Electricity Board. Mr. Gnana Rajasekaran brings with him rich and vast experience in arts, culture and public administration and has won many awards and recognitions at National and State levels. Mr. Gnana Rajasekaran does not hold any share in the Company. He is on the Board of Odyssey Technologies Limited.

viii) Mr. Heinrich Bohmer is an independent director on the Board of your Company. Mr. Heinrich Bohmer is a Mechanical Engineer 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 shares 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.

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

Financial Year	:	April 1, 2013 to March 31, 2014
Publication of financial results	:	Unaudited Results for the quarter ending June 30, 2013 – August 09, 2013. Unaudited Results for the quarter and half year ending September 30, 2013 – November 14, 2013. Unaudited Results for the quarter and nine months ending December 31, 2013 – February 11, 2014. Audited Results for the year ending March 31, 2014 – On or before May 31, 2014.
Dividend Payment Date	:	On or before September 30, 2014
Dates of Book closure	:	September 20, 2014 to September 25, 2014.
Listing on Stock Exchanges	:	National Stock Exchange of India Limited BSE Limited The listing fees for the Financial Year 2014-15 have been paid to the above stock exchanges.
Stock Code	:	National Stock Exchange of India Limited – BGRENERGY BSE Limited – 532930
Demat ISIN	:	INE661I01014

## DETAILS OF SHARES HELD IN SUSPENSE ACCOUNT

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

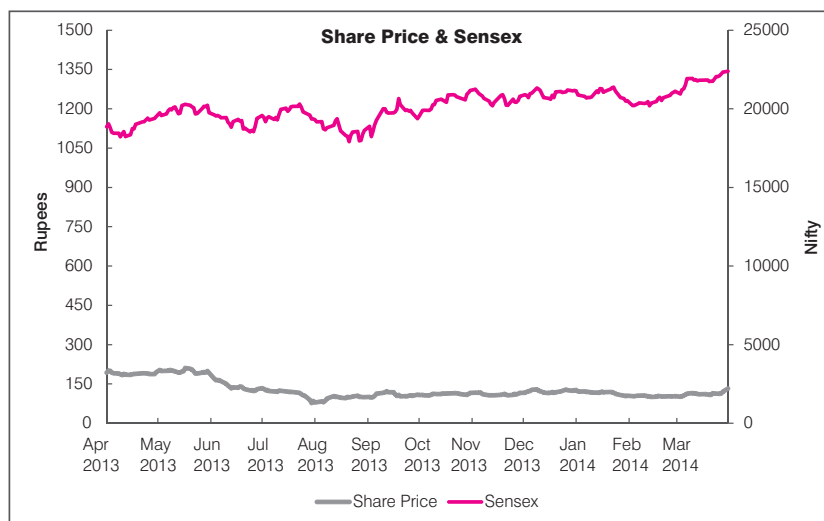
The voting rights in respect of the above shares held in suspense account shall remain frozen till the rightful owner of such shares claims the shares.

# REPORT ON CORPORATE GOVERNANCE

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

Month	BSE		SENSEX	
	High (₹)	Low (₹)	High	Low
Apr-13	211	180	19622.68	18144.22
May-13	216	188	20443.62	19451.26
Jun-13	183	122	19860.19	18467.16
Jul-13	135	70	20351.06	19126.82
Aug-13	106	77	19569.20	17448.71
Sep-13	126	98	20739.69	18166.17
Oct-13	119	105	21205.44	19264.72
Nov-13	121	104	21321.53	20137.67
Dec-13	133	113	21483.74	20568.70
Jan-14	128	102	21409.66	20343.78
Feb-14	107	99	21140.51	19963.12
Mar-14	135	100	22467.21	20920.98

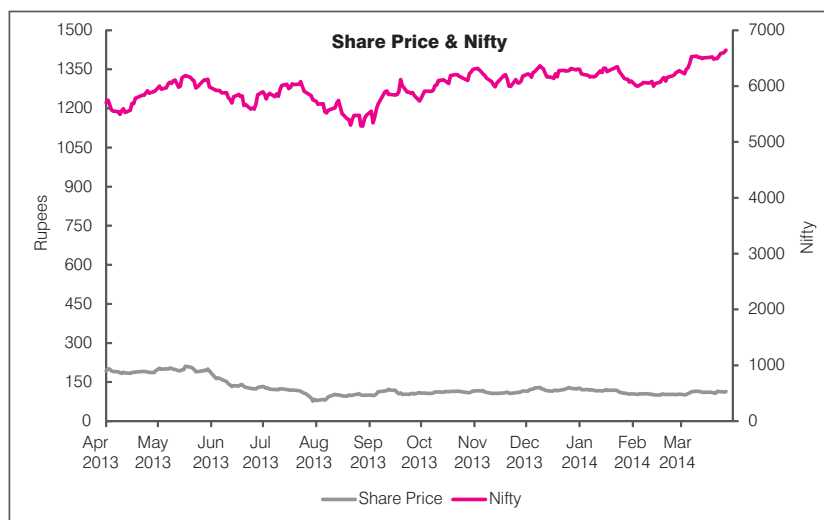
The Chart showing Share Price Performance at BSE in comparison to SENSEX is given below:



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

Month	NSE		NIFTY	
	High (₹)	Low (₹)	High	Low
Apr-13	211	180	5962.30	5477.20
May-13	216	188	6229.45	5910.95
Jun-13	183	122	6011	5566.25
Jul-13	135	70	6093.35	5675.75
Aug-13	106	76	5808.50	5118.85
Sep-13	126	97	6142.50	5318.90
Oct-13	119	106	6309.05	5700.95
Nov-13	121	104	6342.95	5972.45
Dec-13	133	113	6415.25	6129.95
Jan-14	128	102	6358.30	6027.25
Feb-14	107	99	6282.70	5933.30
Mar-14	136	100	6730.05	6212.25

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.



# REPORT ON CORPORATE GOVERNANCE

## DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2014

Shareholding	No. of Shareholders	% of total	No. of Shares	% of total
1 – 500	109004	97.07	5655179	7.84
501 – 1000	1859	1.66	1437586	1.99
1001 – 2000	766	0.68	1140708	1.58
2001 – 3000	229	0.2	582026	0.81
3001 – 4000	120	0.11	425296	0.59
4001 – 5000	73	0.07	341611	0.47
5001 – 10000	129	0.11	923393	1.28
10001 and above	115	0.1	61655761	85.44
<b>TOTAL</b>	<b>112295</b>	<b>100</b>	<b>72161560</b>	<b>100</b>

## SHAREHOLDING PATTERN AS ON MARCH 31, 2014

SI No	Category	Shares	Holders	Percent
1	Promoter group - Individuals & Relatives	26872770	2	37.24
2	Promoter group - Corporate Bodies	27248400	1	37.76
3	Mutual Funds	1471324	3	2.04
4	Financial Institutions & Banks	109834	4	0.15
5	Insurance Companies	233194	2	0.32
6	Foreign Institutional Investors	1128056	23	1.56
7	Other Bodies Corporate	2122496	873	2.94
8	Foreign Companies	1804057	2	2.50
9	NRIs	360439	930	0.50
10	Trusts	198	3	0.00
11	Public	9806449	109924	13.59
12	Clearing Members	985242	524	1.37
13	Directors	18851	3	0.03
14	Foreign National	250	1	0.00
	<b>Total</b>	<b>72161560</b>	<b>112295</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, 2014, except 1496 equity shares, the remaining entire paid up equity share capital were held in dematerialisation form of which NSDL constitutes 93.58% and CDSL constitutes 6.42%. 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

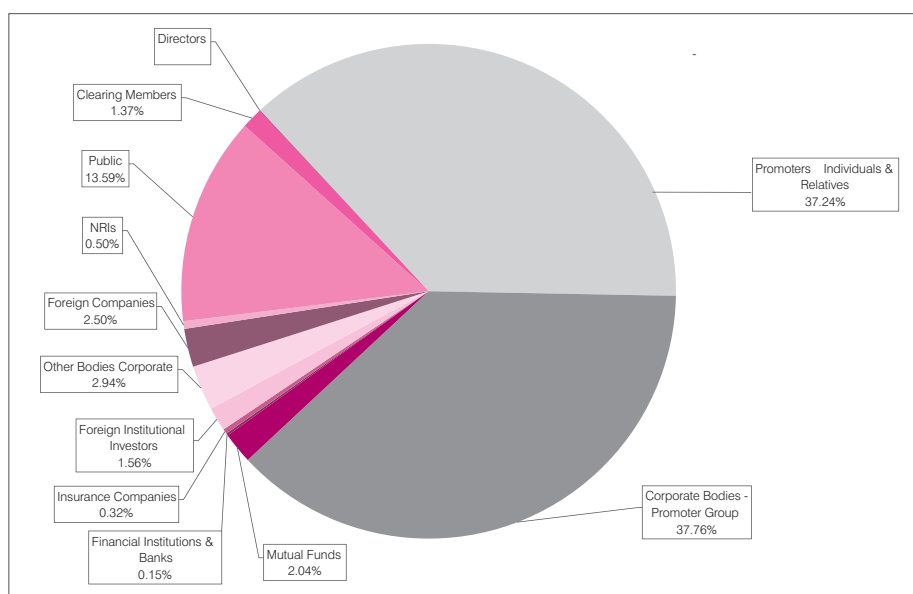
The Company has not issued Global Depository Receipt / American Depository Receipt/ Warrant or convertible instruments.

### Plant Locations

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

### Major Project Locations

- 1 x 600 MW coal based Thermal Power Plant of TNEB at Mettur, Tamil Nadu.
- 2 x 600 MW coal based Thermal Power Plant of RRVUNL at Kalisindh, Rajasthan.
- 2 x 500 MW coal based Thermal Power Plant of MAHAGENCO at Chandrapur, Maharashtra.
- 2 x 500 MW coal based Thermal Power Plant of MAHAGENCO at Marwa, Chhattisgarh.
- 2 X 660 MW coal based Thermal Power Plant of Thermal Powertech Corporation India Limited at Krishnapatnam, Andhra Pradesh.
- 2 X 300 MW coal based Thermal Power Plant of TRN Energy Private Limited; at Nawapara, Chhattisgarh.



# REPORT ON CORPORATE GOVERNANCE

7. 2 x 660 MW Boiler and its auxiliary project of NTPC, Solapur.
8. 2 x 660 MW Boiler and its auxiliary project of NTPC, Raghunathpur.
9. 2 x 800 MW STG and its auxiliary project of NTPC, Lara.
10. 2 X 660 MW BoP project of OPGCL, Odisha.
11. 4 x 125 MW EPC project of Nasiriyah GTPP-Iraq

## Name of the Compliance Officer and Address for Correspondence

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

## NON MANDATORY REQUIREMENTS

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

## REQUEST TO INVESTORS

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

Limited, Registrar & Share Transfer Agent of the Company.

- (e) The shareholders are requested to note that it is mandatory to furnish a copy of Permanent Account Number ("PAN") for registration of transfer of shares in physical mode.

## For and on behalf of the Board of Directors

Place : Chennai      **SASIKALA RAGHUPATHY**  
Date : May 30, 2014      Chairman

## CEO / CFO CERTIFICATION

To the Board of Directors  
**BGR ENERGY SYSTEMS LIMITED**

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

- (a) We have reviewed financial statements and the Cash flow Statement of the Company for the year 2013-14 :
  - (i) these financial statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading ;
  - (ii) these financial statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee :
  - (i) significant changes in internal control over financial reporting during the year.
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements ; and

- (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

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

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

Place : Chennai  
Date : May 30, 2014

**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, 2014 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

Date: May 30, 2014  
Place : Chennai

# MANAGEMENT DISCUSSION & ANALYSIS

## Operating Highlights of FY 2013-14

Trial operations for 1 × 600 MW EPC Mettur Project was completed during the year and the plant is under commercial operation since October 2013. PG Test was successfully completed in January 2014.

During the year, the Company has received Letter of Award from OPGCL for execution of BoP works for 2 × 660 MW Thermal Power Plant in the state of Odisha for ₹ 1573 crores. The contract was signed on July 11, 2013.

The Company won its first international contract on International Commercial Bidding (ICB) terms to execute a 4 × 125 MW Gas based Power Plant at Nasiriyah, Iraq for USD 246 million (₹ 1500 crores). The Ministry of Electricity, Government of Iraq issued the Letter of Award on October 13, 2013.

## Industry Outlook

India is the fifth largest producer and consumer of electricity in the world. Although power generation has grown over 100-fold since independence, demand growth has been even higher due to accelerating economic activity.

The country's installed power generation capacity has more than doubled to 237.74 GW during the past 10 years. As of February 28, 2014, total thermal installed capacity in the country stood at 163.30 GW, while hydro and renewable energy installed capacity totalled 40.20 GW and 29.46 GW, respectively. Nuclear energy capacity remained broadly constant from that in the previous year, at 4.78 GW.

For the 12th Five-Year Plan (2012-2017), a total of 88.5 GW of power capacity addition is targeted, of which 72.3 GW constitutes thermal power, 10.8 GW of hydro power and 5.3 GW of nuclear power. The capacity addition target for 2013-14 was 1,198 MW of hydro power, 15,234 MW of thermal power and 2,000 MW of nuclear power. Thus, the total capacity addition targeted was 18,432 MW, while the actual capacity addition achieved till February 2014 was 12,539 MW. The share of energy from renewables is likely to increase from a level of 5% in March 2012 to 12% by the end of 12th Plan. However, considering the lower capacity factors of power plants based on renewable technologies, the conventional sources of energy (like thermal energy) will continue to play crucial role in meeting the energy needs of the country. The major challenge, however, will be making coal available in the required quantity to realize the targeted capacity addition in 12th Plan period.

During the last few years including 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 natural gas availability, 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 power plant EPC contractors and equipment manufacturers in the past few years.

The Government of India, State and Central utilities continue to encourage the adoption of Supercritical technology in all fossil fuel based power plants to ensure high efficiencies and lower emission. In Supercritical technology based power projects, Engineering, Procurement and Construction ("EPC") route is expected to be the preferred route over the multiple package route.

On the policy front, during the last 6 months of fiscal 2013-14, some positive steps have been taken by GOI including clearing few coal blocks for the power producers to speed up the power project award and execution.

## Operational Performance

The BoP, EPC and Construction segment has achieved turnover of ₹ 3,111 crores, registering a modest growth of 9% over last year. The capital goods segment achieved turnover of ₹ 185 crores.

Handing over and commercial closure of the 1 × 600 MW EPC Mettur Project to TANGEDCO is in progress.

Projects with respect to BoP contracts of 2 × 500 MW Marwa TPP (CSPGCL), 2 × 500 MW Chandrapur STPS (MAHAGENCO) and EPC contract of 2 × 600 MW Kalisindh STPS (RRVUNL) will be commissioned during the 1st half of FY15. The 2 × 660 MW Krishnapatnam TPP (TPCIL) and 2 × 300 MW TPP (TRN Energy) EPC contracts are progressing and are likely to be commissioned during the 2nd half of FY'15.

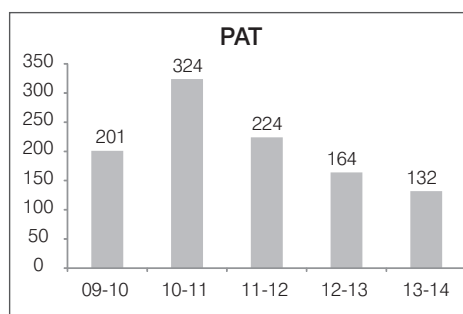
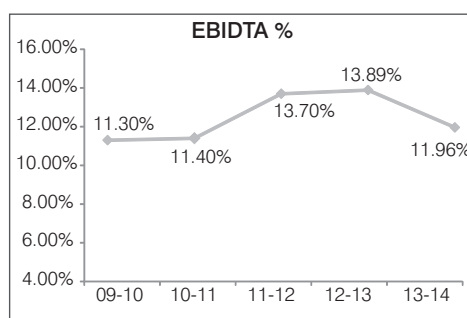
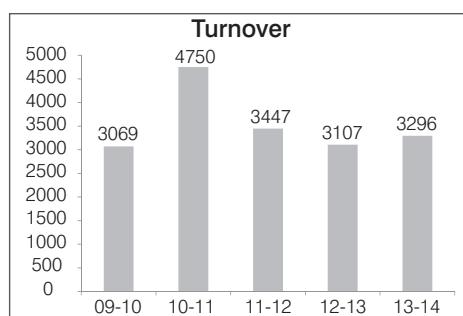
Work on 2 × 660 MW Boiler and its auxiliary - NTPC Solapur, Meja and Raghunathpur projects and 2 × 800 MW STG and its auxiliary - NTPC Lara Project are progressing satisfactorily.

Despite tough market conditions, Air Fin Cooler division delivered 19% higher PBT compared to last year. New orders booked during the year were ₹ 241.16 crores including overseas orders. Despite slowing growth in world markets, the division has drawn up aggressive plans to deliver higher turnover during FY 2014-15 with specific focus on export orders from Middle East and Europe.

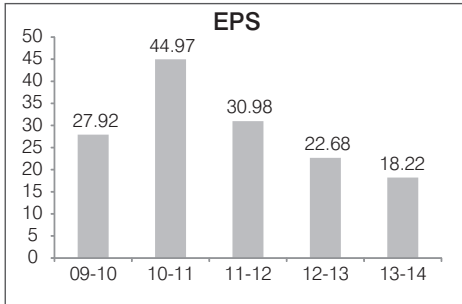
The progress on the NPCIL contract being executed by Electrical Project Division is satisfactory.

## Financial Performance (Standalone):

Description	Unit	FY 13-14	FY 12-13
Income from Operations	₹ Crores	3296	3107
EBIDTA	₹ Crores	393	433
EBIDTA	%	11.9	13.9
PBT	₹ Crores	192	246
PAT	₹ Crores	110	164
Networth	₹ Crores	1304	1220
PBT Ratio	%	5.9	7.9
PAT Ratio	%	3.3	5.3
Return on Networth	%	8.4	13.4
Employee Cost to Turnover	%	5.6	6.3
Overheads to Turnover	%	3.2	4.1
Interest Cost to Turnover	%	5.5	5.6



# MANAGEMENT DISCUSSION & ANALYSIS



## Strength and Opportunities

- Track record of successful execution of large 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
- Project capability to execute orders outside India.

The company is well placed to undertake contracts based on Customer requirement and has capability to execute contracts in the EPC, BTG, BoP and LSTK space.

## Internal Control Systems :

As part of the audit system, the company has in-house experienced system auditor and works

auditor. For each division an external firm of auditors carries out internal audit. For the Power Projects division, for each project, a separate external audit firm carries out the internal audit on a monthly basis. The detailed audit plan is well documented and audit scope is reviewed every year to include all key areas. The detailed audit plan approved by the Audit Committee is rolled out at the beginning of each year. 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 address all the audit observations and issues. A summary of key audit observations and action taken for such observations are reviewed in detail in the audit committee meeting every quarter. The present internal control and audit systems are considered to be adequate.

## Risk Management

The business of the Company encompasses design at offices, manufacturing at factories and project sites, civil and mechanical construction, erection of machineries and commissioning. These activities have inherent and natural risks. The company has a well documented Standard Operating Systems and Procedures (SOSP). The SOSP mandates concerned officers of

the company to identify and take advance and mitigative steps to manage these risks. Delegation of Authority is reviewed each year to meet the business requirements and challenges. During the year, cross functional committees have been constituted for review and timely approval of customer bids and high value orders on suppliers/service providers. The Audit committee regularly reviews the steps taken by the Company to address and manage operating and financial risks.

## 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 equipping the talent pool to manage bigger challenges in the coming years by providing them with adequate training in technical and behavioural areas. With a view to ensure competitiveness and effectiveness in operations, the Company implemented manpower rationalization measures across its sites and corporate office during the year. The manpower strength of the Company as on March 31, 2014 was 1910.



# 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 comprise the Balance sheet as at March 31, 2014, the Statement of Profit and Loss and the 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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, 2014;
- 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"), as amended, 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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act;
  - e) on the basis of written representations received from the directors as on March 31, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

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

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

Place: Chennai  
Date: May 30, 2014

# 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, 2014. We report that:

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner on a rotation basis. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets; and
- (c) 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 10 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 ₹ 3,052.01 lakhs and ₹ 1,835.94 lakhs respectively;
- (b) In our opinion and according to 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; and
- (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 Act. In view of the foregoing, the provisions of clause 4(iii)(f) and 4(iii)(g) are not applicable to the Company.
- (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 the aforesaid internal control system.
- (v) (a) According to the information and explanations 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 under section 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. Accordingly, the provisions of clause 4(vi) of the Order are not applicable to the Company.
- (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 and other statutory dues were in arrears as at March 31, 2014 for a period of more than six months from the date they became payable; and
- (b) According to the information and explanations given to us, the following are the details of statutory dues which have not been deposited by the Company on account of disputes:

# INDEPENDENT AUDITORS' REPORT

Name of the Statute	Nature of the Dues (₹ in lakhs)	Amount to which the amount relates	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act, 1956	Central sales tax	39.23	1997-98	The Honorable High Court, Andhra Pradesh
Andhra Pradesh Value Added Tax Act, 2005	Value Added Tax	0.12	1998-99	Commercial Tax Officer, Andhra Pradesh
Tamil Nadu Value Added Tax Act, 2006	Value Added Tax	0.11	1999-00	Commercial Tax Officer, Tamil Nadu
Tamil Nadu General Sales Tax Act, 1959	Sales-tax	2.21	2001-02	Sales Tax Appellate Tribunal, Chennai, Tamil Nadu
Central Sales Tax Act, 1956	Central sales tax & penalty	4.95*	2004-05	Sales Tax Appellate Tribunal, Visakhapatnam, Andhra Pradesh
Income-tax Act, 1961	Income tax & interest	137.65*	2006-07	The Honorable High Court, Andhra Pradesh
Andhra Pradesh Value Added Tax Act, 2005	Penalty on value added tax	0.52	2006-07	Sales Tax Appellate Tribunal, Visakhapatnam, Andhra Pradesh
Central Sales Tax Act, 1956	Central sales tax	77.70*	2006-07	Appellate Deputy Commissioner, Kancheepuram, Tamil Nadu.
Kerala Value Added Tax Act, 2003	Value added tax & interest	2.65	2006-07	The Deputy Commissioner (Appeals), Ernakulum, Kerala
Income-tax Act, 1961	Income-tax and interest	141.67*	2007-08	The Honorable High Court, Andhra Pradesh
Andhra Pradesh Value Added Tax Act, 2005	Penalty on value added tax	1.49	2007-08	Sales Tax Appellate Tribunal, Visakhapatnam, Andhra Pradesh
Local Areas Act, 1999	Entry tax, interest & penalty	23.67	2007-08	Deputy Commissioner (Appeals), Ajmer, Rajasthan
Central Sales Tax Act, 1956	Central sales tax	210.18*#	2007-08	Appellate Deputy Commissioner, Kancheepuram, Tamil Nadu
Chapter V of Finance act, 1994	Service tax, interest & penalty	36.91	2007-08	Custom Excise & Service Tax Appellate Tribunal, Chennai, Tamil Nadu
Income-tax Act, 1961	Income tax & interest	192.15*	2008-09	The Honorable High Court, Andhra Pradesh
Andhra Pradesh Value Added Tax Act, 2005	Value Added Tax & penalty	3,179.83@	2006-07, 2007-08 & 2008-09	Assistant Commissioner (CT) LTU, Nellore, Andhra Pradesh
Central Sales Tax Act, 1956	Central sales tax	194.77*#	2008-09	Appellate Deputy Commissioner, Kancheepuram, Tamil Nadu

Name of the Statute	Nature of the Dues (₹ in lakhs)	Amount to which the amount relates	Period to which the amount relates	Forum where dispute is pending
Income-tax Act, 1961	Income tax & interest	7,782.73*	2009-10	Commissioner of Income Tax (Appeals), Guntur, Andhra Pradesh
Mines and Minerals (Development & Regulation) Act, 1957	Royalty	2,409.00*	2009-10	The Honorable High Court, Rajasthan
Mines and Minerals (Development & Regulation) Act, 1957	Royalty	1,926.45*	2010-11	The Honorable High Court, Bombay
Mines and Minerals (Development & Regulation) Act, 1957	Royalty	211.45*	2010-11	The Honorable High Court, Bombay

\* net of amounts paid under protest  
# stay order has been received against the amount disputed and not deposited  
@ Interim suspension has been received from the High Court

(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 explanations 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 bank.

(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. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable to the Company.

(xiv) The Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.

- (xv) 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. According to the information and explanations given 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. Accordingly, the provisions of clause 4(xix) of the Order are not applicable to the Company.
- (xx) The Company has not raised any monies by way of public issue during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable to the Company.
- (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

**M S N M Santosh**

Partner

Place: Chennai

Membership No.221916

Date: May 30, 2014

# BALANCE SHEET

(₹ in Lakhs)

	Note.No.	As at March 31, 2014	As at March 31, 2013
<b>EQUITY AND LIABILITIES</b>			
Shareholders' funds			
Share capital	1	7216	7216
Reserves and surplus	2	123161	114738
<b>Non-current liabilities</b>			
Long-term borrowings	3	723	1309
Deferred tax liabilities (net)	40	51066	42427
Other long-term liabilities	4	98505	84055
Long-term provisions	5	20631	22195
<b>Current liabilities</b>			
Short-term borrowings	6	200607	218800
Trade payables	7	97961	105025
Other current liabilities	8	27482	45151
Short-term provisions	9	4409	7013
<b>TOTAL</b>		<b>631761</b>	<b>647929</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	10	18730	19168
Intangible assets	10	711	1125
Capital work-in-progress		364	735
Non-current investments	11	36361	36371
Long-term loans and advances	12	29330	24950
Other non-current assets	13	47266	59555
<b>Current assets</b>			
Inventories	14	5041	2989
Trade receivables	15	275584	286000
Cash and bank balances	16	66158	91516
Short-term loans and advances	17	38412	45572
Other current assets	18	113804	79948
<b>TOTAL</b>		<b>631761</b>	<b>647929</b>
Significant accounting policies			
Notes to financial statements	1 to 48		

As per our report of even date

SASIKALA RAGHUPATHY  
Chairman

A.SWAMINATHAN  
Joint Managing Director and CEO

for M/s Manohar Chowdhry & Associates  
Chartered Accountants

V.R.MAHADEVAN  
Joint Managing Director

SWARNAMUGI KARTHIK  
Director - Corporate Strategy

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

S.A.BOHRRA  
Director

GNANA RAJASEKARAN  
Director

HEINRICH BOHMER  
Director

R.RAMESHKUMAR  
President - Corporate and Secretary

PR.EASWAR KUMAR  
President and Chief Financial Officer

Chennai  
May 30, 2014



# STATEMENT OF PROFIT AND LOSS

(₹ in Lakhs)

	Note.No.	For the year ended March 31, 2014	For the year ended March 31, 2013
Revenue from operations	19	330542	311856
Less : Excise duty		982	1139
		<b>329560</b>	<b>310717</b>
Other income	20	50	544
<b>Total revenue</b>		<b>329610</b>	<b>311261</b>
Expenses			
Cost of material consumed	21	209708	169138
Cost of manufacturing and construction	22	45149	60231
Other direct cost	23	7058	6267
(Increase)/Decrease in work in progress		(523)	(647)
Employee benefits expense	24	18314	19631
Finance costs	25	18174	17471
Depreciation, impairment and amortization Expense	26	1955	1857
Other expenses	27	10536	12763
<b>Total expenses</b>		<b>310371</b>	<b>286711</b>
<b>Profit before tax</b>		<b>19239</b>	<b>24550</b>
<b>Tax expenses</b>			
Current tax	45(a)	4032	5891
MAT credit entitlement	45(b)	(4427)	–
Deferred tax		6619	2292
Deferred tax - earlier year		2020	–
<b>Profit for the year</b>		<b>10995</b>	<b>16367</b>
<b>Earnings per equity share of face value of ₹ 10 each</b>			
Basic (₹)	28	15.24	22.68
Diluted (₹)	28	15.24	22.68
Significant accounting policies			
Notes to financial statements	1 to 48		

SASIKALA RAGHUPATHY  
Chairman

A.SWAMINATHAN  
Joint Managing Director and CEO

As per our report of even date  
for **M/s Manohar Chowdhry & Associates**  
Chartered Accountants

V.R.MAHADEVAN  
Joint Managing Director

SWARNAMUGI KARTHIK  
Director - Corporate Strategy

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

S.A.BOHRRA  
Director

GNANA RAJASEKARAN  
Director

HEINRICH BOHMER  
Director

R.RAMESHKUMAR  
President - Corporate and Secretary

PR.EASWAR KUMAR  
President and Chief Financial Officer

Chennai  
May 30, 2014

# CASH FLOW STATEMENT

(₹ in Lakhs)

	For the Year ended March 31, 2014	For the Year ended March 31, 2013
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax and extraordinary items	19239	24550
Adjustments for :		
Depreciation, impairment and amortization	1955	1857
Dividend from investments - quoted	(1)	(2)
Loss on sale of fixed assets (net)	16	17
Unrealized foreign exchange (gain) / loss	(1798)	579
(Profit) / loss on sale of investments	(33)	-
Premium on forward contracts amortized	3	(4)
Provision for warranty	477	381
Trade receivables written off	272	-
Provision for contractual obligation	-	1395
Provision for doubtful receivables	-	602
Interest expense (net)	18174	17471
<b>Operating profit before working capital changes</b>	<b>19065</b>	<b>22296</b>
<b>Operating profit before working capital changes</b>	<b>38304</b>	<b>46846</b>
Changes in working capital		
(Increase) / decrease in trade receivables	10145	(25042)
(Increase) / decrease in inventories	(2052)	(33)
(Increase) / decrease in current assets	(24820)	(17676)
(Increase) / decrease in loans and advances	6917	409
Increase / (decrease) in trade payables and provisions	(10055)	1527
	(19865)	(40815)
<b>Cash generated from operations</b>	<b>18439</b>	<b>6031</b>
Direct taxes (paid) / refund (net)	(3161)	1964
Net cash flow from operating activities	15278	7995
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(1182)	(2826)
Sale of fixed assets	63	48
Investment in subsidiaries	-	(12787)
Sale of investments	43	-
Decrease / (increase) in capital work-in-progress	371	(284)
Dividend from investments - quoted	1	2
Net cash flow from investing activities	(704)	(15847)
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term borrowings repaid	(586)	(2933)
Payment of dividend	(5051)	(5051)
Tax on dividend paid	(858)	(820)
Short term borrowings (repaid) / availed	(18193)	48542
Interest paid (net)	(18496)	(17512)
Net cash flow from financing activities	(43184)	22226
Net increase in cash and cash equivalents (A+B+C)	(28610)	14374
Cash and cash equivalents as at April 1, 2013	56704	42330
Cash and cash equivalents as at March 31, 2014	28094	56704
Cash on hand	21	24
On current accounts	897	2410
On deposit accounts	27176	54270
Significant accounting policies		
Notes to financial statements	1 to 48	

As per our report of even date

SASIKALA RAGHUPATHY  
Chairman

A.SWAMINATHAN  
Joint Managing Director and CEO

for M/s Manohar Chowdhry & Associates  
Chartered Accountants

V.R.MAHADEVAN  
Joint Managing Director

SWARNAMUGI KARTHIK  
Director - Corporate Strategy

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Director

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Director

HEINRICH BOHMER  
Director

R.RAMESHKUMAR  
President - Corporate and Secretary

P.R.EASWAR KUMAR  
President and Chief Financial Officer

Chennai  
May 30, 2014

# NOTES TO FINANCIAL STATEMENTS

## SIGNIFICANT ACCOUNTING POLICIES

### A. COMPANY OVERVIEW

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

### B. SIGNIFICANT ACCOUNTING POLICIES

#### i. Accounting conventions

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

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

use. Further, any trade discounts and rebates are deducted in arriving at the cost.

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

#### iv. Depreciation and amortization

Depreciation on fixed assets is provided 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 EPS is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted EPS is calculated on the same basis as Basic EPS, after adjusting for the effects of potential dilutive equity shares unless the effect of the potential dilutive equity shares is anti-dilutive.

#### vii. Revenue recognition

- a) Sales are accounted on the basis of despatches in accordance with the terms of sale when significant risks and rewards are transferred to the customer.
- b) Sales include equipment billed but despatch of which is withheld at the request of the customer.
- c) Revenue from services is recognized in accordance with the specific terms of contract on performance.
- d) Revenue from construction

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

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

#### viii. Inventories

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

#### 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

# NOTES TO FINANCIAL STATEMENTS

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

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

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

## x. Cash flows

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

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

## xi. Income-taxes

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

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

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

## xii. Impairment of assets

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

## xiii. Employee benefits

- a) Short-term employee benefits :  
Short-term employee benefits are recognized as an expense at the undiscounted amount in the statement of profit and loss for the year in which related services are rendered.
- b) Post employment benefits:
  - i) Defined contribution plan:  
Company's contributions paid/ payable during the year towards provident fund, pension scheme and employees' state insurance ('ESI') scheme are recognized in the statement of profit and loss.
  - ii) Defined benefit plan:  
Company's liability towards gratuity in accordance with the Payment of Gratuity Act, 1972 is determined based on actuarial valuation using the Projected Unit Credit Method as at the reporting date. The company contributes all the ascertained liabilities to SBI Life Insurance which administers the contributions and makes the payment at retirement, death, incapacitation or termination of employment.
- 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.



# NOTES TO FINANCIAL STATEMENTS

## xiv. Borrowing costs

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

## xv. Leases

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

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

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

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

## xvi. Segment reporting

### a) Segment policies:

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

### b) Identification of segments:

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

### c) Segment Revenue and Segment Result:

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

### d) Segment Assets and Liabilities:

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

## xvii. Provisions

### a) The company recognizes provision when there is a present obligation of the enterprise arising from past

events, the settlement of which is expected to result in an outflow from the enterprise of resources embodying economic benefits which can be measured only by using a substantial degree of estimation.

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

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

## xviii. Contingent liabilities

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

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

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

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

– a reliable estimate of the amount of the obligation cannot be made.

# NOTES TO FINANCIAL STATEMENTS

1. SHARE CAPITAL	As at March 31, 2014 ₹ in lakhs	As at March 31, 2013 ₹ in lakhs
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, 2014		As at March 31, 2013	
	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. Nil (540,00,000) 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, 2014		March 31, 2013	
	No. of Shares	% held	No. of Shares	% held
Mr. B G Raghupathy	-	-	19712160	27.32
Mrs. Sasikala Raghupathy	26868450	37.23	11579120	16.05
Priya Securities Private Limited	-	-	8640000	11.97
BGR Investment Holdings Company Limited	27248400	37.76	8640000	11.97
Vani Securities Private Limited	-	-	5428080	7.52
Arjun Securities Private Limited	-	-	4540320	6.29

**e. The company has reserved issuance of 271396 (285858) equity shares of ₹ 10 each for offering to eligible employees of the company and its subsidiaries under the Employee Stock Option Scheme - 2007. (refer Note 31)**

2. RESERVES AND SURPLUS	As at March 31, 2014 ₹ in lakhs	As at March 31, 2013 ₹ in lakhs
i. Securities premium account		
Opening balance	31895	31895
Closing balance	31895	31895
ii. General reserve		
Opening balance	12133	10496
Add: Amount transferred from statement of profit and loss	1099	1637
Closing balance	13232	12133
iii. Balance in statement of profit and loss		
Opening balance	70710	61850
Add: Profit for the year	10995	16367
Less : Appropriations		
Proposed dividend	2165	5051
Tax on proposed dividend	368	819
Tax on proposed dividend - earlier years	39	-
Transfer to general reserve	1099	1637
Closing balance	78034	70710
TOTAL	123161	114738

# NOTES TO FINANCIAL STATEMENTS

3. LONG-TERM BORROWINGS	As at March 31, 2014		As at March 31, 2013	
	Non Current ₹ in lakhs	Current ₹ in lakhs	Non Current ₹ in lakhs	Current ₹ in lakhs
Secured				
i. Term loans from banks	723	598	1303	1298
ii. Fixed assets loans				
a. from banks	-	-	-	11
b. from financial institutions	-	6	6	16
	723	604	1309	1325
Less : Amount disclosed under the head "other current liabilities" (refer Note 8)	-	604	-	1325
	723	-	1309	-

Term loan includes ₹ 1321 lakhs (₹ 1882 lakhs) from State Bank of Travancore and 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.

4. OTHER LONG-TERM LIABILITIES	As at March 31, 2014 ₹ in lakhs	As at March 31, 2013 ₹ in lakhs
Advance from customers	74027	61588
Trade payables	24478	22467
	98505	84055

5. LONG-TERM PROVISIONS	As at March 31, 2014 ₹ in lakhs	As at March 31, 2013 ₹ in lakhs
Provision for contractual obligation (refer Note 46)	18149	20076
Provision for warranty (refer Note 46)	2482	2119
	20631	22195

6. SHORT-TERM BORROWINGS	As at March 31, 2014 ₹ in lakhs	As at March 31, 2013 ₹ in lakhs
Secured		
Working capital loans from banks	200607	218800
	200607	218800

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

7. TRADE PAYABLES	As at March 31, 2014 ₹ in lakhs	As at March 31, 2013 ₹ in lakhs
Micro and small enterprises	87	136
Others	97874	104889
	97961	105025

# NOTES TO FINANCIAL STATEMENTS

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

₹ in lakhs

S. No.	Particulars	As at March 31, 2014	As at March 31, 2013
1	Principal amount remaining unpaid	79	127
2	Interest due thereon remaining unpaid	8	9
3	Interest paid to the supplier	-	2
4	Payments made to the supplier beyond the appointed day during the year	-	-
5	Interest due and payable for the period of delay in making payment without adding interest specified under this Act	-	-
6	Interest accrued and remaining unpaid	-	-
7	Amount of further interest remaining due and payable in succeeding years	2	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, 2014 ₹ in lakhs	As at March 31, 2013 ₹ in lakhs
Current maturities of long-term borrowings (refer Note 3)	604	1325
Current maturities of advance from customers	26097	40776
Unpaid dividends	46	34
Interest accrued but not due on borrowings	136	458
Other payables *	599	2558
	<b>27482</b>	<b>45151</b>

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

9. SHORT-TERM PROVISIONS	As at March 31, 2014 ₹ in lakhs	As at March 31, 2013 ₹ in lakhs
i. Provision for employee benefits		
Provision for bonus	30	45
Provision for leave encashment (refer Note 30)	331	291
Provision for gratuity (refer Note 30)	233	111
ii. Others		
Provision for warranty (refer Note 46)	116	111
Proposed dividend	2165	5051
Provision for		
Tax on proposed dividend	368	819
Wealth tax	8	9
Income-taxes (net)	1158	576
	<b>4409</b>	<b>7013</b>



# NOTES TO FINANCIAL STATEMENTS

10. FIXED ASSETS										₹ in Lakhs	
Particulars	Gross block				Depreciation / Amortisation				Net block		
	As at March 31, 2013	During the year		As at March 31, 2014	Upto March 31, 2013	for the year	Deletions	Upto March 31, 2014	As at		
		Additions	Deletions						March 31, 2014	March 31, 2013	
<b>Tangible assets</b>											
Land	1527	-	-	1527	-	-	-	-	1527	1527	
Buildings	1685	490	-	2175	178	61	w-	239	1936	1507	
Plant and equipment	18377	339	21	18695	4455	1081	3	5533	13162	13922	
Furniture and fixtures	479	132	24	587	106	43	9	140	447	373	
Office fixtures	222	-	-	222	185	6	-	191	31	37	
Office equipments	1037	155	81	1111	322	122	60	384	727	715	
Electrical installations	271	13	1	283	74	16	-	90	193	197	
Vehicles	1585	12	215	1382	695	139	159	675	707	890	
<b>Subtotal</b>	25183	1141	342	25982	6015	1468	231	7252	18730	19168	
<b>Intangible assets *</b>											
Technical know-how	1151	-	-	1151	663	201	-	864	287	488	
Softwares	1809	41	-	1850	1172	254	-	1426	424	637	
<b>Subtotal</b>	2960	41	-	3001	1835	455	-	2290	711	1125	
<b>Total</b>	28143	1182	342	28983	7850	1923	231	9542	19441	20293	
As at March 31, 2013	25617	2826	300	28143	6227	1776	154	7850	20293		

\* Both the assets are other than internally generated.

- (a) Plant and equipment include original cost of ₹ 792 lakhs (₹ 792 lakhs), which are jointly owned along with a Joint Venture, of which the company is a member
- (b) Office fixtures and office equipments includes original cost of ₹ 7 lakhs (₹ 7 lakhs), which are jointly owned along with subsidiary companies.
- (c) Buildings include original cost of ₹ 1642 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 & furniture and fixtures is ₹ 32 lakhs (₹ 81 lakhs) (refer Note 41).

11. NON-CURRENT INVESTMENTS	As at March 31, 2014	As at March 31, 2013
(Long-term investments)	₹ in lakhs	₹ in lakhs
a) <b>Trade investments (at cost)</b>		
i) <b>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
ii) <b>In equity shares of other companies - unquoted, fully paid up</b>		
Nil GEA Cooling Tower Technologies (India) Private Limited (10,000) (Inclusive of 8000 bonus shares) of ₹ 10 each (₹ Nil (₹ 20000)) (refer Note 47)	-	0
Nil Cuddalore Powergen Corporation Limited (1,00,900) of ₹ 10 each	-	10
b) <b>Other investments (at cost)</b>		
i) <b>In equity shares of subsidiary company - unquoted, fully paid up</b>		
1,65,000 Sravanaa Properties Limited (1,65,000) of ₹ 10 each	12787	12787
ii) <b>In equity shares of other company - quoted, fully paid up</b>		
13,970 Indian Bank (13,970) of ₹ 91 per share	13	13

# NOTES TO FINANCIAL STATEMENTS

11. NON-CURRENT INVESTMENTS (Long-term investments)	As at March 31, 2014 ₹ in lakhs	As at March 31, 2013 ₹ in lakhs
iii) <b>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>36361</b>	36371
1) Aggregate market value of quoted investments	42	49
2) Aggregate book value of quoted investments	43	43
3) Aggregate book value of unquoted investments	<b>36318</b>	36328

12. LONG-TERM LOANS AND ADVANCES	As at March 31, 2014 ₹ in lakhs	As at March 31, 2013 ₹ in lakhs
Secured, considered good		
Advance to suppliers	753	439
Unsecured, considered good		
Deposits	1382	1466
Loans and advances to related parties (refer Note 34)	1229	1430
MAT credit entitlement	19906	15479
Other loans and advances (refer notes below)	6060	6136
	<b>29330</b>	24950

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

12.2. Cochin Project: The end client of Cochin Port Road Connectivity Project viz., Cochin Port Road Company Ltd., (SPV of NHAI) terminated the contract on May 28, 2007. Consequently, the end client encashed BGs for a value of ₹ 1270 lakhs furnished by the company on behalf of MECON – GEA (JV). The main contractor viz., MECON – GEA (JV) contested the termination of the contract. The disputes after having been reviewed by the Dispute Review Board 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 Arbitral Tribunal permit the NHAI to contest their disputes and to adjudicate the same on merits. The final arguments before the Arbitral Tribunal is listed for hearing in August 2014. 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 at March 31, 2014 as recoverable advances from the end client through the JV and is grouped under other loans and advances.

12.3. Tuticorin Project: The end client of Tirunelveli – Tuticorin Port Connectivity Project viz., Tuticorin Port Road Company Ltd (SPV of NHAI) terminated the contract and encashed BGs for aggregate value of ₹ 2652 lakhs and the same were restituted as per orders of the High Court of Madras (Madurai Bench). The disputes, including termination of contract, after having been reviewed by the Disputes Review Board are now subject to arbitration. The proceeding before the Arbitral Tribunal are in an advanced stage. In view of these facts, the company has identified the sum of ₹ 83 lakhs (₹ 83 lakhs) as at March 31, 2014 as recoverable advances from the end client through the JV and is grouped under other loans and advances.

13. OTHER NON-CURRENT ASSETS	As at March 31, 2014 ₹ in lakhs	As at March 31, 2013 ₹ in lakhs	As at March 31, 2014 ₹ in lakhs	As at March 31, 2013 ₹ in lakhs
Unsecured				
Trade receivables - considered good (refer Note 15.3)			41401	49970
Trade receivables - considered doubtful	83	1200		
Less:- Provision for doubtful receivables	83	1200		
Margin money deposit - maturity more than 12 months			5641	9174
Interest accrued on margin money deposits			224	411
			<b>47266</b>	59555

# NOTES TO FINANCIAL STATEMENTS

14. INVENTORIES	As at March 31, 2014 ₹ in lakhs	As at March 31, 2013 ₹ in lakhs
Raw materials and components	3495	1966
Work-in-progress	1546	1023
	5041	2989

15. TRADE RECEIVABLES	As at March 31, 2014 ₹ in lakhs	As at March 31, 2013 ₹ in lakhs
Unsecured, considered good		
Over six months	3995	2803
Others	271589	283197
	275584	286000

- 15.1. Trade receivables – Others, includes retention amount of ₹ 150898 lakhs (₹ 127332 lakhs) which, in accordance with the terms of the contracts were not due for payments as at March 31, 2014
- 15.2. During the year, the company and State Company for Oil Projects, Iraq (Client) terminated with mutual consent the contract for two gas development projects. In line with the mutual terms of settlement, the company has accounted a loss of ₹ 202 lakhs (net of provisions) and the same is included under trade receivables written off. (refer Note 27)
- 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.

16. CASH AND BANK BALANCES	As at March 31, 2014 ₹ in lakhs	As at March 31, 2013 ₹ in lakhs
<b>Cash and cash equivalents :</b>		
Balances with banks :		
- On current accounts	897	2410
- On deposit accounts	27176	54270
Cash on hand	21	24
<b>Other bank balances :</b>		
Margin money deposits	38018	34778
On unpaid dividend accounts	46	34
	66158	91516

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

17. SHORT-TERM LOANS AND ADVANCES	As at March 31, 2014 ₹ in lakhs	As at March 31, 2013 ₹ in lakhs
Secured, considered good		
Advance to suppliers	5517	4428
Unsecured, considered good		
Advance to suppliers	5332	20294
Loans and advances to related parties (refer Note 34)	607	1123
Other loans and advances *	26738	19640
Deposits	218	87
	38412	45572

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

# NOTES TO FINANCIAL STATEMENTS

18. OTHER CURRENT ASSETS	As at March 31, 2014 ₹ in lakhs	As at March 31, 2013 ₹ in lakhs
Interest accrued on fixed deposits	1376	916
Contracts in progress (net)	112428	79032
[Contracts in progress comprise unbilled revenue of ₹ 123197 lakhs (₹ 94425 lakhs) and unearned revenue of ₹ 10769 lakhs (₹ 15393 lakhs)] (refer Note 29)		
	113804	79948

19. REVENUE FROM OPERATIONS	For the year ended March 31, 2014 ₹ in lakhs	For the year ended March 31, 2013 ₹ in lakhs
Sale of manufactured goods	19053	23870
Contracting income	310861	287298
Erection and service income	401	540
Other operating revenue	227	148
	330542	311856

20. OTHER INCOME	For the year ended March 31, 2014 ₹ in lakhs	For the year ended March 31, 2013 ₹ in lakhs
Dividend from investments - quoted	1	2
Interest on advances / refunds	4	478
Profit on sale of investments	33	-
Others	12	64
	50	544

21. COST OF MATERIAL CONSUMED	For the year ended March 31, 2014 ₹ in lakhs	For the year ended March 31, 2013 ₹ in lakhs
Opening inventory (Raw materials, consumables, bought outs and components)	1966	2580
Add : Purchases	211237	168524
	213203	171104
Less: Closing inventory (Raw materials, consumables, bought outs and components) (refer Note 42)	3495	1966
	209708	169138
<b>Details of raw materials and components consumed</b>		
Raw materials	56997	80142
Bought outs	149155	83792
Packing materials	124	147
Consumables	654	603
Tools and others	2778	4454
	209708	169138

Value of raw material and components consumed during the year				₹ in lakhs	
Particulars	For the year ended March 31, 2014	%	For the year ended March 31, 2013	%	
Imported	60704	29	21881	13	
Indegenous	149004	71	147257	87	
<b>Total</b>	<b>209708</b>	<b>100</b>	169138	100	



# NOTES TO FINANCIAL STATEMENTS

22. COST OF MANUFACTURING AND CONSTRUCTION	For the year ended March 31, 2014 ₹ in lakhs	For the year ended March 31, 2013 ₹ in lakhs
Subcontracting and processing charges	44799	59727
Power and fuel	350	504
	<u>45149</u>	<u>60231</u>
<b>23. OTHER DIRECT COST</b>	<b>For the year ended March 31, 2014 ₹ in lakhs</b>	<b>For the year ended March 31, 2013 ₹ in lakhs</b>
Agency commission	81	169
Insurance	1518	1030
Bank charges	4620	4250
Professional fees	376	379
Packing and forwarding	463	439
	<u>7058</u>	<u>6267</u>
<b>24. EMPLOYEE BENEFITS EXPENSE</b>	<b>For the year ended March 31, 2014 ₹ in lakhs</b>	<b>For the year ended March 31, 2013 ₹ in lakhs</b>
Salaries, allowances and bonus	16044	17296
Contribution to P.F., E.S.I., and gratuity (refer Note 30)	771	678
Workmen and staff welfare expenses	1499	1657
	<u>18314</u>	<u>19631</u>
<b>25. FINANCE COSTS</b>	<b>For the year ended March 31, 2014 ₹ in lakhs</b>	<b>For the year ended March 31, 2013 ₹ in lakhs</b>
Interest on working capital loans (net) (refer Note 43)	17826	17130
Interest on term loans	246	341
Interest - others	102	-
	<u>18174</u>	<u>17471</u>
<b>26. DEPRECIATION, IMPAIRMENT AND AMORTIZATION EXPENSE</b>	<b>For the year ended March 31, 2014 ₹ in lakhs</b>	<b>For the year ended March 31, 2013 ₹ in lakhs</b>
Depreciation of tangible assets (including impairment loss) (refer Note 10)	1500	1385
Amortization of intangible assets (refer Note 10)	455	472
	<u>1955</u>	<u>1857</u>
<b>27. OTHER EXPENSES</b>	<b>For the year ended March 31, 2014 ₹ in lakhs</b>	<b>For the year ended March 31, 2013 ₹ in lakhs</b>
Rent (refer Note 32)	1794	2197
Payment to auditors (refer details below)	50	50
Bank charges	306	403
Conveyance and vehicle running expenses	525	425
Provision for doubtful receivables	-	602
Trade receivables written off	272	-
Electricity charges	245	265
Foreign exchange loss (net)	2997	2785
Insurance	53	107
Loss on sale of fixed assets (net)	16	17
Other administrative expenses	720	591
Professional charges	542	653

# NOTES TO FINANCIAL STATEMENTS

27. OTHER EXPENSES	For the year ended March 31, 2014 ₹ in lakhs	For the year ended March 31, 2013 ₹ in lakhs
Rates and taxes	82	159
Repairs and maintenance		
- Building	94	48
- Machinery	52	71
- Others	859	932
Security charges	129	141
Selling expenses	89	149
Sitting fees	11	9
Telephone expenses	185	182
Travelling expenses		
- Domestic	752	948
- Foreign	286	253
Provision for warranty (refer Note 46)	477	381
Provision for contractual obligation (refer Note 46)	-	1395
	10536	12763
Payment to auditors		
- For audit fees	42	42
- For tax matters	4	4
- For certification	4	4
	50	50

28. EARNINGS PER SHARE (EPS)	For the year ended March 31, 2014 ₹ in lakhs	For the year ended March 31, 2013 ₹ in lakhs
<b>The following reflects the profit and share data used in the basic and diluted EPS computation :</b>		
<b>Basic EPS</b>		
Profit after tax as per accounts	10995	16367
Weighted average number of equity shares (face value ₹ 10 per share) (lakh Nos.)	722	722
Basic EPS (₹ )	15.24	22.68
<b>Diluted EPS</b>		
Profit for the year for basic EPS	10995	16367
Less : Adjustment	-	-
Adjusted profit for diluted EPS	10995	16367
Weighted average number of equity shares for Basic EPS (lakh Nos.)	722	722
Add : Adjustment	-	-
Weighted average number of equity shares (face value ₹ 10 per share) for diluted EPS (lakh Nos.)	722	722
Diluted EPS (₹ )	15.24	22.68

## 29. CONSTRUCTION CONTRACTS

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

₹ in lakhs

Sl. No.	Particulars	As at March 31, 2014	As at March 31, 2013
1	The aggregate amount of costs incurred and recognized profits (Less recognized losses) (including amounts carried from previous years)	1614432	1312070
2	The amount of advances received	74153	36207
3	The amount of retentions	150898	127332
4	The gross amount due from customers for contract work as an asset (unbilled revenue)	123197	94425
5	The gross amount due to customers for contract work as a liability (unearned revenue)	10769	15393

# NOTES TO FINANCIAL STATEMENTS

## 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, 2014	For the year ended March 31, 2013
Employer's contribution to provident fund	425	405
Employer's contribution to pension scheme	139	152
Employer's contribution to employee's state insurance	4	5

### 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.

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

₹ in lakhs

Particulars	Leave encashment (unfunded) 2013-14	Gratuity (funded) 2013-14	Leave encashment (unfunded) 2012-13	Gratuity (funded) 2012-13
Defined benefit obligation at beginning of the year	291	736	269	650
Current service cost	58	139	106	117
Interest cost	26	58	16	51
Actuarial (gain)/loss	(44)	(2)	38	(60)
Benefits paid	-	(193)	(138)	(22)
Defined benefit obligation at year end	331	738	291	736

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

Particulars	Gratuity (funded) 2013-14	Gratuity (funded) 2012-13
Fair value of plan assets at beginning of the year	625	519
Expected return on plan assets	43	44
Actuarial gain/(loss)	4	5
Employer contribution	26	79
Benefits paid	(193)	(22)
Fair value of plan assets at the year end	505	625
Actual return on plan asset	47	48

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

Particulars	Leave encashment (unfunded) 2013-14	Gratuity (funded) 2013-14	Leave encashment (unfunded) 2012-13	Gratuity (funded) 2012-13
Fair value of plan assets (a)	-	505	-	625
Present value of obligation (b)	331	738	291	736
Present Value of obligation unfunded at the end of the year recognized as liability as at March 31, 2014 (b-a)	331	233	291	111

# NOTES TO FINANCIAL STATEMENTS

## IV. Expected employers contribution next year

Particulars	Gratuity (funded) 2013-14	Gratuity (funded) 2012-13
Expected employers contribution to gratuity next year	157	166

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

Particulars	Leave encashment (unfunded) 2013-14	Gratuity (funded) 2013-14	Leave encashment (unfunded) 2012-13	Gratuity (funded) 2012-13
Current service cost	58	139	106	117
Interest cost	26	58	16	51
Expected return on plan assets	-	(43)	-	(44)
Actuarial (gain) / loss	(44)	(5)	38	(64)
Net cost	40	149	160	60

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

₹ in lakhs

Particulars	As at March 31, 2014	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	738	736	650	505	404
Plan assets	505	625	519	482	366
Surplus / deficit	(233)	(111)	(131)	(23)	(38)
Experience adjustment plan liabilities	(2)	(60)	27	-	-
Experience adjustment plan assets	(4)	(4)	(2)	-	-

## VII. Actuarial assumptions

Particulars	Leave encashment (unfunded) 2013-14	Gratuity (funded) 2013-14	Leave encashment (unfunded) 2012-13	Gratuity (funded) 2012-13
Mortality table (LIC)	(Ultimate) 06-08	(Ultimate) 06-08	(Ultimate) 94-96	(Ultimate) 06-08
Discount rate (per annum)	9.10%	9.10%	8.05%	8.00%
Expected rate of return on plan assets (per annum)	-	8.00%	-	8.00%
Rate of escalation in salary (per annum)	5.00%	5.50%	5.00%	5.00%

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

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

## 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.

# NOTES TO FINANCIAL STATEMENTS

## Vesting schedule

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

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

For employees with less than 3 years of completed service (category-2)

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

The following are the number of options outstanding during the year

Particulars	2013-14	2012-13
Number of options outstanding in the beginning of the year (a)	285858	291100
Number of options granted during the year (b)	-	-
Number of options vested during the year (c)	-	-
Number of vested options cancelled (d)	10541	3637
Number of unvested options cancelled (e)	3921	1605
Total number of options forfeited during the year [(f) = (d) + (e)]	14462	5242
Number of options exercised during the year (g)	-	-
Number of options outstanding at the end of the year [(h) = (a) - (f)]	271396	285858
Number of options exercisable at the end of the year	51354	65816

## 32. LEASES

### Operating lease

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

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

₹ in lakhs

Particulars	Minimum lease payments Outstanding as at	
	March 31, 2014	March 31, 2013
Due within one year	518	1162
Due later than one year and not later than five years	819	3511
Due later than five years	-	499
<b>Total</b>	<b>1337</b>	<b>5172</b>

Lease rental expense in respect of operating leases recognized in the statement of profit and loss for the year: ₹ 1794 lakhs (₹ 2197 lakhs).



# NOTES TO FINANCIAL STATEMENTS

## 33. SEGMENT REPORTING

### Primary segment information (business segments)

Information about business segments (information provided in respect of revenue items for the year ended March 31, 2014 and in respect of assets / liabilities as at March 31, 2014) are furnished below:

₹ in lakhs

Particulars	2013-14			2012-13		
	Capital goods segment	Construction and EPC contracts segment	Total	Capital goods segment	Construction and EPC contracts segment	Total
a) Revenue	18477	311083	329560	23967	286750	310717
b) Result	1284	36079	37363	1749	39728	41477
<b>Add: Unallocated income (net of expenditure)</b>			50			544
<b>Profit before interest and tax</b>			37413			42021
Interest			18174			17471
<b>Profit before tax</b>			19239			24550
<b>Tax expenses</b>						
– Current tax			4032			5891
– MAT Credit entitlement			(4427)			–
– Deferred tax			6619			2292
– Deferred tax - earlier years			2020			
– Total			8244			8183
<b>Profit for the year</b>			10995			16367
c) Assets	30096	588836	618932	33720	601379	635099
Add: Unallocated corporate assets			12830			12830
<b>Total assets</b>			631762			647929
d) Liabilities	10260	233831	244091	15001	240210	255211
Add: Unallocated corporate liabilities			257293			270764
<b>Total liabilities</b>			501384			525975
e) Capital assets acquired during the year	516	666	1182	194	2632	2826
f) Depreciation, impairment and amortisation	238	1717	1955	234	1623	1857
g) Other non-cash charges except depreciation, impairment and amortisation	386	363	749	611	1767	2378

### Secondary segment information (geographic segments)

Particulars	Domestic		Overseas		Total	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
External revenue by location of Customers	326786	305879	2774	4838	329560	310717
Carrying amount of segment assets by location of assets	631761	647929	-	-	631761	647929
Capital expenditure	1182	2826	-	-	1182	2826

## 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)

# NOTES TO FINANCIAL STATEMENTS

- 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
- xii. BGR Investment Holdings Company Limited
- xiii. BGR Power Limited

#### d. Joint ventures

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

#### e. Key management personnel

- i. Mr. B.G.Raghupathy Chairman and Managing Director (till July 28, 2013)
- ii. Mr.A.Swaminathan Joint Managing Director and CEO (Director - Sales & Marketing till September 30, 2013)
- iii. Mr. V.R. Mahadevan Joint Managing Director (Director - Technologies & HR till September 24, 2013)
- iv. Mr. K. Chandrashekhar Director - Projects
- v. Ms. Swarnamugi Karthik Director - Corporate Strategy

#### f. Relatives of key management personnel

- i. Ms. Priyadarshini Raghupathy (Daughter of Mr.B.G.Raghupathy and Mrs. Sasikala Raghupathy)
- ii. Ms. Vaani Raghupathy (Daughter of Mr.B.G.Raghupathy and Mrs. Sasikala Raghupathy)
- iii. Mr. Arjun Govind Raghupathy (Son of Mr.B.G.Raghupathy and Mrs. Sasikala Raghupathy)

#### Related party transactions

(information provided in respect of revenue items for the year ended March 31, 2014 and in respect of assets / liabilities as at March 31, 2014)

Particulars	Subsidiary Companies	Other Companies	Key Management Personnel	Relatives of Key Management Personnel	₹ in lakhs	
					2013-14	2012-13
Sales	-	2736	-	-	2736	6454
Purchases	18459	2493	-	-	20952	4047
Investments made	-	-	-	-	-	12787
Sale of Investments	-	44	-	-	44	-
Remuneration	-	-	582	44	626	1824
Rent expenses	18	98	42	-	158	165
Purchase of fixed assets	-	-	-	-	-	16
Sale of fixed assets	-	-	-	-	-	31
Others	-	-	25	-	25	25
Advances given	39364	534	-	-	39898	14228
Repayment of advance given	-	-	-	-	-	4
Guarantees	51	661	-	-	712	869
Balances outstanding	36528	1412	(47)	-	37893	17212

#### Party-wise disclosure of related party transactions:

1. Sales represent, GEA Cooling Tower Technologies (India) Private Limited ₹ 2736 lakhs (₹ 6454 lakhs).
2. Purchases represent, Progen Systems and Technologies Limited ₹ 260 lakhs (₹ 21 lakhs), GEA Cooling Tower Technologies (India) Private limited ₹ 2452 lakhs (₹ 3903 lakhs), GEA BGR Energy System India Limited ₹ 41 lakhs (₹ 92 lakhs), BGR Boilers Private Limited ₹ 17707 lakhs (₹ 31 lakhs), BGR Turbines Company Private Limited ₹ 492 lakhs (₹ Nil).
3. Investments made represent, Sravanaa Properties Limited ₹ Nil (₹ 12787 lakhs).
4. Sale of Investments represent, BGR Investment Holdings Company Limited ₹ 34 lakhs (₹ Nil), BGR Power Limited ₹ 10 lakhs (₹ Nil).

# NOTES TO FINANCIAL STATEMENTS

5. Remuneration to key management personnel represents, Mr. B.G.Raghupathy ₹ 44 lakhs (₹ 1319 lakhs), Mr. T. Sankaralingam ₹ Nil (₹ 95 lakhs), Mr. V.R. Mahadevan ₹ 147 lakhs (₹ 122 lakhs), Mr. A. Swaminathan ₹ 206 lakhs (₹ 206 lakhs), Mr. K Chandrashekhar ₹ 97 lakhs (₹ 40 lakhs), Mrs. Swarnamugi Karthik ₹ 88 lakhs (₹ 13 lakhs).
6. Remuneration to relatives of key management personnel represent, Mrs. Swarnamugi Karthik ₹ Nil (₹ 16 lakhs), Mrs.Priyadarshini Raghupathy ₹ 32 lakhs (₹ 8 lakhs), Ms. Vaani Raghupathy ₹ 8 lakhs (₹ 3 lakhs), Mr. Arjun Govind Raghupathy ₹ 4 lakhs (₹ 3 lakhs).
7. Rent paid represents, GEA BGR Energy System India Limited. ₹ 0.28 lakhs (₹ 0.34 lakhs), Sasikala Estate Private Limited ₹ 89 lakhs (₹ 106 lakhs), ANI Construction Private Limited ₹ 9 lakhs (₹ 9 lakhs). Mr & Mrs B G Raghupathy ₹ 42 lakhs (₹ 45 lakhs), Sravanaa Properties Limited ₹ 18 lakhs (₹ 5 lakhs).
8. Purchase of fixed assets represent, GEA Cooling Tower Technologies (India) Private Limited ₹ Nil (₹ 16 lakhs).
9. Sale of fixed assets represent, BGR Boilers Private Limited ₹ Nil (₹ 31 lakhs).
10. Others represent, royalty to Mr. B.G. Raghupathy ₹ 8 lakhs (₹ 25 lakhs), Mrs. Sasikala Raghupathy ₹ 17 lakhs (₹ Nil).
11. Advances given represent, Progen Systems and Technologies Limited ₹ 931 lakhs (₹ 34 lakhs), BGR Boilers Private Limited ₹ 38192 lakhs (₹ 1387 lakhs), BGR Turbines Company Private Limited ₹ 241 lakhs (₹ 12577 lakhs), GEA BGR Energy Systems India Limited ₹ 60 lakhs (₹ 1 lakh), GEA Cooling Tower Technologies (India) Private Limited ₹ 474 lakhs (₹ 230 lakhs).
12. Repayment of advance given represents, Mega Funds India Limited ₹ Nil (₹ 4 lakhs).
13. Gurantees given represent, Progen Systems and Technologies Limited ₹ 51 lakhs (₹ 208 lakhs), GEA Cooling Tower Technologies (India) Private limited ₹ 661 lakhs (₹ 661 lakhs).
14. Balances outstanding (Net) represent, Progen Systems and Technologies Limited ₹ 1277 lakhs (₹ 554 lakhs), BGR Boilers Private Limited ₹ 22898 lakhs (₹ 1688 lakhs), BGR Turbines Company Private Limited ₹ 12348 lakhs (₹ 12599 lakhs), GEA Cooling Tower Technologies (India)Private Limited ₹ 74 lakhs (₹ 1111 lakhs), GEA BGR Energy System India Limited ₹ 66 lakhs (₹ 21 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 (₹ 39 lakhs), Schmitz India Private Limited ₹ 60 lakhs (₹ 60 lakhs), B.G.Raghupathy ₹ 8 lakhs (cr.bal.) (₹ 3 lakhs (cr. bal)), Sravanaa Properties Limited ₹ 6 lakhs (₹ 6 lakhs), Sasikala Estate Private Limited ₹ 7 (cr.bal) lakhs (₹ Nil), Mrs. Sasikala Raghupathy ₹ 39 lakhs(cr. bal)(₹ Nil)

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

₹ in lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
<b>A Contingent liabilities</b>		
Claims against the company not acknowledged as debt		
a) On account of sales tax	4222	4228
b) On account of income tax*	10848	23045
c) On account of service tax**	37	37
d) On account of contractual obligations	2350	2350
e) On account of royalty	4547	4538
<b>B Guarantees</b>		
Guarantees and counter guarantees given on behalf of subsidiary and other company	712	869
<b>C Capital commitments</b>		
Estimated amount of contracts remaining to be executed on capital account (net of advances)	817	809
<b>D Other commitments</b>		
Commitments to fund subsidiaries	5681	7180

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

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

# NOTES TO FINANCIAL STATEMENTS

## 36. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

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

₹ in lakhs / Foreign currency in lakhs

Particulars	As at	As at	
	March 31, 2014	March 31, 2013	
	Trade payables	Trade payables	Trade receivables
Number of contracts	6	1	1
Value in foreign currency			
GBP	0.45	0.16	
USD	11		0.82
Value in INR	675	13	45

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

₹ in lakhs / Foreign currency in lakhs

Particulars	As at	As at
	March 31, 2014	March 31, 2013
<b>Assets (Trade receivables / advance to suppliers / bank balances)</b>		
<b>In foreign currency</b>		
In USD \$	741	719
In EURO	81	14
In GBP	0	-
In JPY	1	1
In SEK	1	1
<b>In Indian Currency</b>		
In USD \$	44381	39018
In EURO	6681	981
In GBP	4	-
In JPY	1	1
In SEK	7	12
<b>Liabilities (advance from customers/trade payables/buyers credit)</b>		
<b>In foreign currency</b>		
In USD \$	1128	1469
In EURO	399	284
In GBP	-	0
In CAD	-	0
<b>In Indian Currency</b>		
In USD \$	67549	79732
In EURO	32857	19747
In GBP	-	26
In CAD	-	2

## 37. VALUE OF IMPORTS ON CIF BASIS

₹ in lakhs

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Raw materials, components, consumables and spare parts	2884	21881
Capital items	-	569

# NOTES TO FINANCIAL STATEMENTS

## 38. EXPENDITURE IN FOREIGN CURRENCY

₹ in lakhs

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Travelling	127	112
Part processing and professional charges	67	107
Royalty	32	18
Agency commission, bank charges and others	431	473
Interest	22	239
<b>Total</b>	<b>679</b>	<b>949</b>

## 39. EARNINGS IN FOREIGN CURRENCY

₹ in lakhs

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Sales	17771	8482
Services	224	6
<b>Total</b>	<b>17995</b>	<b>8488</b>

## 40. DEFERRED TAXES

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

₹ in lakhs

Particulars	Deferred tax asset as at March 31, 2014	Deferred tax liability as at March 31, 2014	Deferred tax asset as at March 31, 2013	Deferred tax liability as at March 31, 2013
Depreciation and impairment	-	1637	-	1421
Provision for doubtful receivables	28	-	389	-
Gratuity	61	-	69	-
Compensated absences	165	-	182	-
Others	30	-	44	-
Carry forward tax loss	2147	-	-	-
Retention money	-	51860	-	41690
<b>Total</b>	<b>2431</b>	<b>53497</b>	<b>684</b>	<b>43111</b>
<b>Net</b>		<b>51066</b>		<b>42427</b>

## 41. IMPAIRMENT OF ASSETS

### a. Cash generating units :

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

### b. Other assets :

The company has made a provision of ₹ 32 lakhs (₹ 81 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. During the last quarter, search operations under Section 132 of the Income-tax Act 1961, was carried out by the Income-tax Authorities, for which the company has provided statements and documents.

45. (a) Current tax includes ₹ Nil (₹ 160 lakhs) being provision for income-tax in respect of earlier years.

(b) MAT credit entitlement includes ₹ 395 lakhs (₹ Nil) being MAT credit in respect of earlier years.



# NOTES TO FINANCIAL STATEMENTS

## 46. PROVISIONS

The company has made a provision / transfer of ₹ 477 lakhs (₹ 1776 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
	2013-14	2013-14	2012 - 13	2012 - 13
Opening balance	2230	20076	1873	18681
Add : Addition / transfers	485	-	388	1405
Less : (a) Provision utilised	109	1927	24	-
(b) Provision reversed	8	-	7	10
<b>Closing balance</b>	<b>2598</b>	<b>18149</b>	2230	20076

## 47. DETAILS OF ROUNDED OFF AMOUNTS

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

₹ in lakhs

Description	Note No.	As at March 31, 2014	As at March 31, 2013
Investment in GEA Cooling Tower Technologies (India) Private Limited	11	-	0.20

## 48. PREVIOUS YEAR FIGURES

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

SASIKALA RAGHUPATHY Chairman	A.SWAMINATHAN Joint Managing Director and CEO	As per our report of even date for <b>M/s Manohar Chowdhry &amp; Associates</b> Chartered Accountants	
V.R.MAHADEVAN Joint Managing Director	SWARNAMUGI KARTHIK Director - Corporate Strategy	M.S.N.M.SANTOSH Partner Membership No.221916	
S.A.BOHRA Director	GNANA RAJASEKARAN Director	HEINRICH BOHMER Director	
R.RAMESHKUMAR President - Corporate and Secretary	P.R.EASWAR KUMAR President and Chief Financial Officer		Chennai May 30, 2014

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# 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, 2014, 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 qualified audit opinion.

## Basis for Qualified Opinion

*The financial statements and other financial information of two subsidiaries, namely, BGR Boilers Private Limited and BGR Turbines Company Private Limited, whose consolidated accounts reflect total assets of ₹ 89,182.97 lakhs as at March 31, 2014, total revenue of ₹ 18,002.82 lakhs and net cash inflows amounting to ₹ 2,055.02 lakhs for the year then ended, which have not been audited, have been furnished to us by the Company and were placed before the Audit Committee of the Company. Our opinion is based solely on these unaudited accounts. We are unable to comment on adjustments that may have been required to the accompanying consolidated financial statements, had such unaudited financial statements been audited.*

## Qualified Opinion

*In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter*

*described in the Basis for Qualified Opinion paragraph above, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:*

- a) *in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;*
- b) *in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and*
- c) *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 ₹14,741.05 lakhs as at March 31, 2014, total revenue of ₹770.26 lakhs and net cash inflows amounting to ₹47.46 lakhs for the year then ended. We also 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 ₹1,754.98 lakhs as at March 31, 2014 and total loss of ₹0.21 lakhs for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us by the management, and our opinion is based solely on the reports of the other auditors. Our opinion is not qualified in respect of these matters.

For **Manohar Chowdhry & Associates**

Chartered Accountants  
Firm Registration No: 001997S

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

Place: Chennai  
Date: May 30, 2014

# CONSOLIDATED BALANCE SHEET

(₹ in Lakhs)

	Note No.	As at March 31, 2014	As at March 31, 2013
<b>EQUITY AND LIABILITIES</b>			
Shareholders' funds			
Share capital	1	7216	7216
Reserves and surplus	2	121867	115115
<b>Minority interest</b>		<b>8325</b>	9052
Non-current liabilities			
Long-term borrowings	3	778	1375
Deferred tax liabilities (net)	38	50647	42028
Other long-term liabilities	4	98680	84232
Long-term provisions	5	20709	22231
<b>Current liabilities</b>			
Short-term borrowings	6	200607	218988
Trade payables	7	108320	105030
Other current liabilities	8	76120	45257
Short-term provisions	9	4418	7027
<b>TOTAL</b>		<b>697687</b>	<b>657551</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	10	43141	43698
Intangible assets	10	880	1290
Capital work-in-progress		15716	12528
Non-current investments	11	43	53
Long-term loans and advances	12	63714	26607
Other non-current assets	13	48890	59555
<b>Current assets</b>			
Inventories	14	5459	4275
Trade receivables	15	287316	286063
Cash and bank balances	16	75059	98315
Short-term loans and advances	17	43645	45194
Other current assets	18	113824	79973
<b>TOTAL</b>		<b>697687</b>	<b>657551</b>

Significant accounting policies

Notes to financial statements

1 to 40

SASIKALA RAGHUPATHY  
Chairman

A.SWAMINATHAN  
Joint Managing Director and CEO

V.R.MAHADEVAN  
Joint Managing Director

SWARNAMUGI KARTHIK  
Director - Corporate Strategy

S.A. BOHRA  
Director

GNANA RAJASEKARAN  
Director

HEINRICH BOHMER  
Director

R.RAMESHKUMAR  
President - Corporate and Secretary

PR.EASWAR KUMAR  
President and Chief Financial Officer

As per our report of even date  
for **M/s Manohar Chowdhry & Associates**  
Chartered Accountants

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

Chennai  
May 30, 2014

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ in Lakhs)

	Note No.	For the year ended March 31, 2014	For the year ended March 31, 2013
Revenue from operations	19	331172	312498
Less : Excise duty		1096	1172
		<b>330076</b>	311326
Other income	20	570	1192
<b>Total Revenue</b>		<b>330646</b>	312518
<b>Expenses</b>			
Cost of material consumed	21	208856	169333
Cost of manufacturing and construction	22	45308	60458
Other direct cost	23	7058	6267
(Increase)/Decrease in work in progress		498	(1753)
Employee benefits expenses	24	20307	21201
Finance costs	25	18183	17486
Depreciation, impairment and amortization Expense	26	2121	2027
Other expenses	27	11456	13141
<b>Total Expenses</b>		<b>313787</b>	288160
<b>Profit before tax</b>		<b>16859</b>	24358
<b>Tax expenses</b>			
Current tax	37(a)	4071	5941
MAT credit entitlement	37(b)	(4427)	-
Deferred tax		6599	2286
Deferred tax - earlier year		2020	0
<b>Profit for the year (before adjustment for Minority Interest)</b>		<b>8596</b>	16131
Less: Share of profit / (loss) transferred to / (from) Minority Interest		(728)	(78)
<b>Profit for the year</b>		<b>9324</b>	16209
<b>Earnings per equity share of face value of ₹ 10 each</b>			
(1) Basic (₹)	31	12.92	22.46
(2) Diluted (₹)	31	12.92	22.46
Significant accounting policies			
Notes to financial statements	1 to 40		

SASIKALA RAGHUPATHY  
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Joint Managing Director

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Director

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Director

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President and Chief Financial Officer

HEINRICH BOHMER  
Director

As per our report of even date  
for **M/s Manohar Chowdhry & Associates**  
Chartered Accountants

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

Chennai  
May 30, 2014



# CONSOLIDATED CASH FLOW STATEMENT

(₹ in Lakhs)

	For the Year ended March 31, 2014	For the Year ended March 31, 2013
<b>A Cash flow from operating activities;</b>		
<b>Net profit before tax and extraordinary items</b>	<b>16859</b>	<b>24358</b>
<u>Adjustments for :</u>		
Depreciation, impairment and amortization	2121	2027
Dividend from investments - quoted	(1)	(2)
Loss on sale of fixed assets (net)	16	22
(Profit) / loss on unrealized foreign exchange gain	(1798)	579
Premium on forward exchange contract amortized	3	(4)
(Profit) / loss on sale of Investment	(33)	-
Provision for warranty	477	381
Trade receivables written off	272	-
Provision for contractual obligation	-	1395
Provision for doubtful receivables	-	602
Share of minority interest	728	78
Interest expense (net)	18183	17486
<b>Operating profit before working capital changes</b>	<b>36827</b>	<b>46922</b>
(Increase) in trade receivables	(1523)	(25095)
(Increase) in inventories	(1185)	(1203)
(Increase) in current assets	(26455)	(17443)
(Increase) / decrease in loans and advances	(31421)	452
Increase in trade payables and provisions	46846	1697
	<b>(13738)</b>	<b>(41592)</b>
<b>Cash generated from operations</b>	<b>23089</b>	<b>5330</b>
<b>Direct taxes (paid) / refund (Net)</b>	<b>(3200)</b>	<b>1938</b>
<b>Net cash flow from operating activities</b>	<b>19889</b>	<b>7268</b>
<b>B Cash flow from investing activities :</b>		
Purchase of fixed assets	(1258)	(16033)
Sale of fixed assets	88	42
Sale of investments	43	-
Capital reserve on consolidation	-	242
(increase) in capital work-in-progress	(3188)	(2223)
Dividend from investments - quoted	1	2
Net cash flow from investing activities	<b>(4314)</b>	<b>(17970)</b>
<b>C Cash flow from financing activities</b>		
Long term borrowings (repaid)	(597)	(2948)
Payment of dividend	(5051)	(5051)
Tax on dividend paid	(858)	(820)
Short term borrowings (repaid) / availed	(18381)	48631
Interest paid (net)	(17212)	(17527)
Net cash flow from financing activities	<b>(42099)</b>	<b>22285</b>
Net increase in cash and cash equivalents (A+B+C)	<b>(26524)</b>	<b>11583</b>
Cash and cash equivalents as at April 1, 2013	<b>63503</b>	<b>51920</b>
Cash and cash equivalents as at March 31, 2014	<b>36979</b>	<b>63503</b>
Cash on hand	<b>21</b>	<b>25</b>
On current accounts	<b>2233</b>	<b>2737</b>
On deposit accounts	<b>34725</b>	<b>60741</b>

Significant accounting policies

Notes to financial statements 1 to 40

As per our report of even date

SASIKALA RAGHUPATHY  
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Joint Managing Director and CEO

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President - Corporate and Secretary

PR.EASWAR KUMAR  
President and Chief Financial Officer

Chennai  
May 30, 2014

# 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 and intangible assets

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

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

### e. Depreciation and amortization

Depreciation on fixed assets is provided 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	Depreciation	Net block	Depreciation
	March 31, 2014	March 31, 2014	March 31, 2013	March 31, 2013
Furniture & fixtures	13%	25%	18%	18%
Vehicles	3%	5%	3%	6%
Office equipments	7%	22%	10%	13%

### f. Investments

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

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

### g. Earnings Per Share (EPS)

Basic and diluted EPS are computed in accordance with Accounting Standard (AS) 20 – "Earnings Per Share"

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

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

### h. Revenue recognition

- a) Sales are accounted on the basis of despatches in accordance with the terms of sale when significant risks and rewards are transferred to the customer.
- b) Sales include equipment billed but despatch of which is withheld at the request of the customer.
- c) Revenue from services is recognized in accordance with the specific terms of contract on performance.
- d) Freight reimbursements are recognized as income on dispatching goods to customer and such freight income is reduced by the actual freight expenses incurred.
- e) Revenue from construction contracts is recognized by reference to the stage of completion of the contract activity at the reporting date of the financial statements on the basis of percentage of completion method. The stage of completion of contracts is measured by reference to the proportion that contract costs incurred for work performed up to the reporting date

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

bear to the estimated total contract costs for each contract.

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

## i. Inventories

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

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

Cost of inventories is determined on a weighted average basis.

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

## j. Foreign currency transactions

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

For forward contracts which are entered into to hedge the foreign currency risk of

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

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

## k. Cash flows

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

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

## l. Income taxes

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income-tax Act, 1961. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences between taxable income and accounting income which are capable of reversal in subsequent periods and are measured using the tax rates and tax laws that have been enacted or substantively enacted by the 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 and loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and is recognized in the statement of profit and loss.

## n. Employee benefits

- a) Short term employee benefits :  
Short-term employee benefits are recognized as an expense at the undiscounted amount in the statement of profit and loss for the year in which related services are rendered.
- b) Post employment benefits:
  - i) Defined contribution plan:  
Company's contributions paid/payable during the year towards Provident Fund, Pension Scheme and Employees' State Insurance (ESI) scheme are recognized in the statement of profit and loss.
  - ii) Defined benefit plan:  
Company's liability towards gratuity in accordance with the Payment of Gratuity Act, 1972 is determined based on actuarial valuation using the projected unit credit method as at the balance sheet date. The company contributes all the ascertained liabilities to SBI

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

## **q. Provisions**

i) The company recognizes provision when there is a present obligation of the enterprise arising from past events, the settlement of which is expected to result in an outflow from the enterprise of resources embodying economic

benefits which can be measured only by using a substantial degree of estimation.

- ii) Provision for contractual obligation has been provided for in accounts based on management's assessment of the probable outcome with reference to the available information supplemented by experience of similar transactions.
- iii) The company makes provision towards warranty obligation arising under the contract, while progressively recognising the revenue, based on management estimate and past experience of similar contracts. Such provision is maintained until the warranty period is completed.

## **r. Contingent liabilities**

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

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

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## B. NOTES TO ACCOUNTS

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

### Subsidiary Companies

S.No	Name of the Company	Country of incorporation	Extent of holding (%) as on March 31, 2014	Goodwill or (capital reserve) on account of consolidation	Extent of holding (%) as on March 31, 2013	Goodwill or (capital reserve) on account of consolidation
1	Progen Systems and Technologies Ltd	India	69.67%	59	69.67%	59
2	BGR Boilders Private Ltd	India	70.00%	-	70.00%	-
3	BGR Turbines Company Private Ltd	India	74.00%	-	74.00%	-
4	Sravanaa Properties Limited	India	100.00%	(242)	100.00%	(242)

### Joint Venture

S.No	Name of the Company	Country of incorporation	Extent of interest (%) as on March 31, 2014	Goodwill or (capital reserve) on account of consolidation	Extent of interest (%) as on March 31, 2013	Goodwill or (capital reserve) on account of consolidation
1	Mecon-Gea Energy System (India) Limited (JV)	India	10% & 30% on two different construction projects	Nil	10% & 30% on two different construction projects	Nil

SHAREHOLDERS' FUNDS		As at March 31, 2014 ₹ in lakhs	As at March 31, 2013 ₹ in lakhs
1.	<b>Share capital</b>		
	<b>Authorised</b>		
	10,00,00,000 Equity shares of ₹ 10/- each (10,00,00,000)	10000	10000
	<b>Issued, Subscribed and Paid up</b>		
	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, 2014		As at March 31, 2013	
	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. Nil (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

	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	% of holding	No. of Shares	% of holding
Mr B G Raghupathy	-	-	19712160	27.32
Mrs Sasikala Raghupathy	26868450	37.23	11579120	16.05
Priya Securities Private Limited	-	-	8640000	11.97
BGR Investments Holdings Company Limited	27248400	37.76	8640000	11.97
Vani Securities Private Limited	-	-	5428080	7.52
Arjun Securities Private Limited	-	-	4540320	6.29

- e. The company has reserved issuance of 271396(285858) 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)



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. RESERVES AND SURPLUS	As at March 31, 2014 ₹ in lakhs	As at March 31, 2013 ₹ in lakhs
i. Capital reserve on consolidation	242	242
ii. Securities Premium Account		
Opening balance	31895	31895
Closing balance	31895	31895
iii. General reserve		
Opening balance	12133	10496
Add: Amount transferred from statement of profit and loss	1099	1637
Closing balance	13232	12133
iv. Balance in statement of profit and loss		
Opening balance	70845	62143
Add: Profit for the year	9324	16209
Less :- Appropriations		
Proposed dividend	2165	5051
Tax on proposed dividend	368	819
Tax on proposed dividend - earlier years	39	0
Transfer to general reserve	1099	1637
Closing balance	76498	70845
TOTAL	121867	115115

3. LONG-TERM BORROWINGS	As at March 31, 2014 ₹ in lakhs	As at March 31, 2014 ₹ in lakhs	As at March 31, 2013 ₹ in lakhs	As at March 31, 2013 ₹ in lakhs
	Non Current	Current	Non Current	Current
Secured				
i. Term loans from banks	723	598	1303	1298
ii. Fixed assets Loans				
a. from banks	-	-	-	11
b. from financial institutions	-	6	6	16
Unsecured				
iii. Deferred payment liabilities - Interest free sales tax loan	55	-	66	-
	778	604	1375	1325
Less : - Amount disclosed under the head "other current liabilities" (refer Note 8)	-	604	-	1325
	778	-	1375	-

Term loan includes ₹ 1321 Lakhs (₹ 1882 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.

4. OTHER LONG-TERM LIABILITIES	As at March 31, 2014 ₹ in lakhs	As at March 31, 2013 ₹ in lakhs
Advance from customers	74128	61689
Trade payables	24478	22467
Other payables	74	76
	98680	84232

5. LONG-TERM PROVISIONS	As at March 31, 2014 ₹ in lakhs	As at March 31, 2013 ₹ in lakhs
Provision for contractual obligation (refer Note 38)	18149	20076
Provision for warranty (refer Note 38)	2482	2119
Provision for leave encashment	26	-
Employee benefit - gratuity	52	36
	20709	22231

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

<b>6. SHORT-TERM BORROWINGS</b>	<b>As at March 31, 2014 ₹ in lakhs</b>	<b>As at March 31, 2013 ₹ in lakhs</b>
Secured		
Working capital loans from banks	<u>200607</u>	<u>218988</u>
	<b>200607</b>	<b>218988</b>
a) The balance in project specific escrow account have been netted off against respective project's working capital loan account		
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, Union Bank of India and The Karur Vysya Bank Limited. These loans are secured by hypothecation of inventories, trade receivables and movable current assets of the respective contracts. The participating banks share the securities on pari-passu basis.		
<b>7. TRADE PAYABLES</b>	<b>As at March 31, 2014 ₹ in lakhs</b>	<b>As at March 31, 2013 ₹ in lakhs</b>
Micro and small enterprises	<b>88</b>	136
Others	<u>108232</u>	<u>104894</u>
	<b>108320</b>	<b>105030</b>
<b>8. OTHER CURRENT LIABILITIES</b>	<b>As at March 31, 2014 ₹ in lakhs</b>	<b>As at March 31, 2013 ₹ in lakhs</b>
Current maturities of long term borrowings (refer Note 3)	<b>604</b>	1325
Current maturities of advance from customers	<b>74623</b>	40785
Interest accrued but not due on borrowings	<b>136</b>	458
Unpaid dividends	<b>46</b>	34
Other payables *	<u>711</u>	<u>2655</u>
	<b>76120</b>	<b>45257</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, 2014 ₹ in lakhs</b>	<b>As at March 31, 2013 ₹ in lakhs</b>
i. Provision for employee benefits		
Provision for bonus	<b>30</b>	58
Provision for leave encashment	<b>338</b>	291
Provision for gratuity	<b>235</b>	112
ii. Others		
Provision for warranty (refer Note 38)	<b>116</b>	111
Proposed dividend	<b>2165</b>	5051
Provision for		
Tax on proposed dividend	<b>368</b>	819
Wealth tax	<b>8</b>	9
Income taxes (net)	<u>1158</u>	<u>576</u>
	<b>4418</b>	<b>7027</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. FIXED ASSETS										₹ in Lakhs
PARTICULARS	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at March 31, 2013	During the year		As at March 31, 2014	Upto March 31, 2013	Additions / Adjustments	Deletions	Upto March 31, 2014	As at	
		Additions / Adjustments	Deletions						March 31, 2014	March 31, 2013
<b>Tangible assets</b>										
Land	25414	-	24	25390	-	-	-	-	25390	25414
Buildings	2057	490	-	2547	327	74	-	401	2146	1730
Plant & Equipment	18951	339	21	19269	4831	1108	3	5936	13333	14121
Furniture & Fixtures *	575	132	24	683	147	57	9	195	488	428
Office fixtures	222	-	-	222	185	6	-	191	31	37
Office Equipments *	1206	164	81	1289	400	158	60	498	791	806
Electrical Installations	358	13	1	370	131	20	-	151	219	227
Vehicles	1668	12	220	1460	730	149	162	717	743	937
<b>Intangible assets</b>										
Goodwill on consolidation	59	-	-	59	-	-	-	-	59	59
Technical Know-How **	1151	-	-	1151	663	201	-	864	287	488
Software **	2027	108	-	2135	1285	316	-	1601	534	742
<b>TOTAL</b>	<b>53688</b>	<b>1258</b>	<b>371</b>	<b>54575</b>	<b>8699</b>	<b>2089</b>	<b>234</b>	<b>10554</b>	<b>44021</b>	<b>44988</b>
As at 31.03.2013	37955	16033	300	53688	6906	1947	154	8699	44988	

\* Impairment loss recognised in the statement of profit and loss during the financial year for office equipments & furniture and fixtures is ₹ 32 Lakhs (₹ 81 Lakhs) (Refer Note 34)

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

11. NON-CURRENT INVESTMENTS (Long-term investments)	As at March 31, 2014 ₹ in lakhs	As at March 31, 2013 ₹ in lakhs
<b>a) Trade investments (at cost)</b>		
<b>In Equity shares of other companies - Unquoted, fully paid up</b>		
Nil GEA Cooling Tower Technologies (India) Private Limited (10,000) (Inclusive of 8000 bonus shares) of ₹10 each (₹ Nil (₹ 20000)) (refer Note 39)	-	0
Nil Cuddalore Powergen Corporation Limited (1,00,900) of ₹ 10 each	-	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
	43	53
1) Aggregate market value of quoted investments	42	49
2) Aggregate book value of quoted investments	43	43
3) Aggregate book value of unquoted investments	-	10

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. LONG-TERM LOANS AND ADVANCES	As at March 31, 2014 ₹ in lakhs	As at March 31, 2013 ₹ in lakhs
i. Secured considered good		
Advance to suppliers	753	439
ii. Unsecured considered good		
Deposit	1375	1459
Loans and advance to related parties (refer Note 30)	729	728
Capital advance	1523	1523
MAT credit entitlement	19906	15479
Other loans and advances *	39428	6979
	<b>63714</b>	<b>26607</b>

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

Cochin Project: The end client of Cochin Port Road Connectivity Project viz., Cochin Port Road Company Ltd., (SPV of NHA) terminated the contract on May 28, 2007. Consequently, the end client encashed BGs for a value of ₹ 1270 lakhs furnished by the company on behalf of MECON – GEA (JV). The main contractor viz., MECON – GEA (JV) contested the termination of the contract. The disputes after having been reviewed by the Dispute Review Board 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 NHA to contest their disputes and to adjudicate the same on merits. The final arguments before the Arbitral Tribunal is listed for hearing in August 2014. 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, 2014 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 NHA) 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 proceeding before the Arbitral tribunal are in an advanced stage. In view of these facts, the company has identified the sum of ₹ 83 Lakhs (₹ 83 lakhs) as on March 31, 2014 as recoverable advances from the end client through the JV and is grouped under other loans and advances.

13. OTHER NON-CURRENT ASSETS	As at March 31, 2014 ₹ in lakhs	As at March 31, 2013 ₹ in lakhs	As at March 31, 2014 ₹ in lakhs	As at March 31, 2013 ₹ in lakhs
Unsecured				
Trade receivables - considered good (refer Note 15.3)			43025	49970
Trade receivables - considered doubtful	83	1200		
Less:- Provision for doubtful receivable	83	1200	-	-
Margin money deposits - maturity more than 12 Months			5641	9174
Interest accrued on margin money deposits			224	411
			<b>48890</b>	<b>59555</b>

14. INVENTORIES	As at March 31, 2014 ₹ in lakhs	As at March 31, 2013 ₹ in lakhs
Raw materials and components	3768	2082
Consumables	15	19
Work-in-progress	1672	2170
Loose tools	4	4
	<b>5459</b>	<b>4275</b>

15. TRADE RECEIVABLES	As at March 31, 2014 ₹ in lakhs	As at March 31, 2013 ₹ in lakhs
(Unsecured and considered good)		
Over six months	4294	2803
Others	283022	283260
	<b>287316</b>	<b>286063</b>

15.1 Trade receivables – Others, includes retention amount of ₹ 150898 lakhs (₹ 127332 lakhs) which, in accordance with the terms of the contracts were not due for payments as at 31st March 2014

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15.2 During the year, the Company and State Company for Oil Projects, Iraq (Client) terminated with mutual consent the contract for two gas development project. In line with the mutual terms of settlement, the Company has accounted a loss of ₹ 202 lakhs (net of provisions) and the same is included under trade receivables written off. (refer Note 27)

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>	<b>As at March 31, 2014 ₹ in lakhs</b>	<b>As at March 31, 2013 ₹ in lakhs</b>
<b>Cash and cash equivalent:</b>		
Balances with banks :		
- On current accounts	2233	2737
- On deposit accounts	34725	60741
Cash on hand	21	25
Other bank balances		
Margin money deposits	38034	34778
On unpaid dividend accounts	46	34
	<b>75059</b>	<b>98315</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, 2014 ₹ in lakhs</b>	<b>As at March 31, 2013 ₹ in lakhs</b>
Secured considered good		
Advance to suppliers	5517	4428
Unsecured considered good		
Advance to suppliers	5332	20294
Loans and advances to related parties (refer Note 30)	607	1123
Other loans and advances *	31971	19262
Deposits	218	87
	<b>43645</b>	<b>45194</b>

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

<b>18. OTHER CURRENT ASSETS</b>	<b>As at March 31, 2014 ₹ in lakhs</b>	<b>As at March 31, 2013 ₹ in lakhs</b>
Interest accrued on deposit accounts	1396	941
Contract in Progress	112428	79032
[Contracts in progress comprise unbilled revenue of ₹ 123197 lakhs (₹ 94425 lakhs) and unearned revenue of ₹ 10769 lakhs (₹ 15393 lakhs)]		
	<b>113824</b>	<b>79973</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

19. REVENUE FROM OPERATIONS	For the year ended March 31, 2014 ₹ in lakhs	For the year ended March 31, 2013 ₹ in lakhs
Sale of manufactured goods	19624	24499
Contracting income	310861	287308
Erection and service income	401	540
Other operating revenue	286	151
	331172	312498

20. OTHER INCOME	For the year ended March 31, 2014 ₹ in lakhs	For the year ended March 31, 2013 ₹ in lakhs
Dividend from investments - quoted	1	2
Dividend from investments - unquoted	-	-
Interest on advances / refunds / deposits	524	1126
Profit on sale of investments	33	-
Others	12	64
	570	1192

21. COST OF MATERIAL	For the year ended March 31, 2014 ₹ in lakhs	For the year ended March 31, 2013 ₹ in lakhs
Opening inventory (Raw materials, consumables, bought outs and components)	2100	2651
Add : Purchases	210539	168782
	212639	171433
Less: Closing inventory (Raw materials, consumables, bought outs and components) (refer Note 35)	3783	2100
	208856	169333

22. COST OF MANUFACTURING AND CONSTRUCTION	For the year ended March 31, 2014 ₹ in lakhs	For the year ended March 31, 2013 ₹ in lakhs
Subcontracting and processing charges	44899	59887
Power and fuel	409	571
	45308	60458

23. OTHER DIRECT COST	For the year ended March 31, 2014 ₹ in lakhs	For the year ended March 31, 2013 ₹ in lakhs
Agency commission	81	169
Insurance	1518	1030
Bank charges	4620	4250
Professional fees	376	379
Packing and forwarding	463	439
	7058	6267

24. EMPLOYEE BENEFITS EXPENSES	For the year ended March 31, 2014 ₹ in lakhs	For the year ended March 31, 2013 ₹ in lakhs
Salaries, allowances and bonus	17925	18801
Contribution to P.F., E.S.I., and Gratuity	867	703
Workmen and staff welfare expenses	1515	1697
	20307	21201



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

25. FINANCE COSTS	For the year ended March 31, 2014 ₹ in lakhs	For the year ended March 31, 2013 ₹ in lakhs
Interest on working capital loans (net) (refer Note 36)	17835	17145
Interest on term loans	246	341
Interest - others	102	–
	18183	17486
<b>26. DEPRECIATION, IMPAIRMENT AND AMORTIZATION EXPENSE</b>	<b>For the year ended March 31, 2014 ₹ in lakhs</b>	<b>For the year ended March 31, 2013 ₹ in lakhs</b>
Depreciation of tangible assets (including impairment loss) (refer Note 10)	1605	1485
Amortization of intangible assets (refer Note 10)	516	542
	2121	2027
<b>27. OTHER EXPENSES</b>	<b>For the year ended March 31, 2014 ₹ in lakhs</b>	<b>For the year ended March 31, 2013 ₹ in lakhs</b>
Rent (refer Note 33)	1816	2233
Payment to auditors (refer details below)	65	64
Bank charges	329	406
Conveyance and vehicle running expenses	530	428
Provision for doubtful receivables	–	602
Trade receivables written off	272	–
Electricity charges	259	279
Foreign exchange loss (net)	3309	2790
Insurance	60	113
Loss on sale of fixed assets (net)	16	22
Other administrative expenses	803	690
Professional charges	686	659
Rates and taxes	113	173
Repairs and maintenance		
– Building	96	49
– Machinery	61	79
– Others	933	1009
Security charges	151	156
Selling expenses	99	160
Sitting fees	11	9
Telephone expenses	196	189
Travelling expenses		
– Domestic	887	1002
– Foreign	287	253
Provision for warranty (refer Note 38)	477	381
Provision for contractual obligation (refer Note 38)	–	1395
	11456	13141
Payment to auditors		
– For audit fees	56	56
– For tax matters	5	4
– For certification	4	4
	65	64

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 28. CONTINGENT LIABILITIES, GUARANTEES AND CAPITAL COMMITMENTS

₹ in lakhs

Particulars	As at	As at
	March 31, 2014	March 31, 2013
<b>A CONTINGENT LIABILITIES</b>		
Claims against the company not acknowledged as debt		
a) On account of sales tax	4222	4228
b) On account of income tax*	10848	23045
c) On account of service tax**	37	37
d) On account of contractual obligations	2350	2350
e) On account of royalty	4547	4538
<b>GUARANTEES</b>		
Guarantees and counter guarantees given on behalf of other company	662	661
<b>B CAPITAL COMMITMENTS</b>		
Estimated amount of contracts remaining to be executed on capital account	34398	23145

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

\*\* Service tax demand represents a sum of ₹ 37 lakhs (₹ 37 lakhs) which has been contested by the service tax authorities before the Customs Excise and 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, 2014 and in respect of assets / liabilities as at March 31, 2014) are furnished below:

₹ in lakhs

Particulars	2013-14			2012-13		
	Capital goods segment	Construction and EPC contracts segment	Total	Capital Goods segment	Construction and EPC contracts segment	Total
a) Revenue	18939	311137	330076	24566	286760	311326
b) Result	1030	33442	34472	1486	39166	40652
<b>Add: Unallocated income (net of expenditure)</b>			570			1192
<b>Profit before interest and tax</b>			35042			41844
Interest			18183			17486
<b>Profit before tax</b>			16859			24358
<b>Tax expenses</b>						
– Current tax			4071			5941
– MAT Credit entitlement			(4427)			0
– Deferred tax			6599			2286
– Deferred tax - earlier years			2020			
– <b>Total</b>			8263			8227
<b>Net Profit after tax</b>			8596			16131
c) Assets	31377	653226	684603	34592	609872	644464
Add: Unallocable corporate assets			13084			13087
<b>Total assets</b>			697687			657551
d) Liabilities	10365	292925	303290	15128	240372	255500
Add: Unallocable corporate liabilities			256989			270667
<b>Total liabilities</b>			560279			526167
e) Capital assets acquired during the year	518	740	1258	199	15834	16033
f) Depreciation, amortisation and impairment	284	1837	2121	283	1744	2027
g) Other non-cash charges except depreciation, amortisation and impairment	386	363	749	611	1767	2378

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## Secondary segment information (Geographic segments)

Particulars	Domestic		Overseas		Total	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
External revenue by location of Customers	328398	307660	2774	4838	331172	312498
Carrying amount of segment assets by location of assets	697687	657551	-	-	697687	657551
Capital expenditure	1258	16033	-	-	1258	16033

## 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
- xii. BGR Investment Holdings Company Limited
- xiii. BGR Power Limited

#### b. Key management personnel

- i. Mr. B.G.Raghupathy Chairman and Managing Director (till July 28, 2013)
- ii. Mr. A.Swaminathan Joint Managing Director and CEO (Director - Sales & Marketing till September 30, 2013)
- iii. Mr. V.R. Mahadevan Joint Managing Director (Director - Technologies & HR till September 24, 2013)
- iv. Mr. K. Chandrashekhar Director - Projects
- v. Ms. Swarnamugi Karthik Director - Corporate Strategy

#### c. Relatives of key management personnel

- i. Mrs. Priyadarshini Raghupathy (Daughter of Mr.B.G.Raghupathy and Mrs. Sasikala Raghupathy)
- ii. Ms. Vaani Raghupathy (Daughter of Mr.B.G.Raghupathy and Mrs. Sasikala Raghupathy)
- iii. Mr. Arjun Govind Raghupathy (Son of Mr.B.G.Raghupathy and Mrs. Sasikala Raghupathy)

### Related party transactions

Particulars	Other Companies	Key Management Personnel	Relatives of Key Management Personnel	₹ in lakhs	
				For the year ended March 31, 2014	For the year ended March 31, 2013
Sales	2736	-	-	2736	6454
Purchases	2493	-	-	2493	3995
Advances given	534	-	-	534	231
Repayment of advance given	-	-	-	-	4
Sale of Investments	44	-	-	44	-
Remuneration	-	582	44	626	1824
Rent expenses	98	42	-	140	160
Guarantee	661	-	-	661	661
Purchase of assets	-	-	-	-	16
Others	-	25	-	25	25
Balances outstanding	1412	(47)	-	1365	2365

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

- Sales represent, GEA Cooling Tower Technologies (India) Private Limited ₹ 2736 lakhs (₹ 6454 lakhs).
- Purchases represent, GEA Cooling Tower Technologies (India) Private limited ₹ 2452 lakhs (₹ 3903 lakhs), GEA BGR Energy System India Limited ₹ 41 lakhs (₹ 92 lakhs).
- Sale of Investments represent, BGR Investment Holdings Company Limited ₹ 34 lakhs (₹ Nil), BGR Power Limited ₹ 10 lakhs (₹ Nil).
- Remuneration to key management personnel represents, Mr. B.G.Raghupathy ₹ 44 lakhs (₹ 1319 lakhs), Mr. T. Sankaralingam ₹ Nil (₹ 95 lakhs), Mr. V.R. Mahadevan ₹ 147 lakhs (₹ 122 lakhs), Mr. A. Swaminathan ₹ 206 lakhs (₹ 206 lakhs), Mr. K Chandrashekar ₹ 97 lakhs (₹ 40 lakhs), Ms. Swarnamugi Karthik ₹ 88 lakhs (₹ 13 lakhs).
- Remuneration to relatives of key management personnel represent, Mrs. Swarnamugi Karthik ₹ Nil (₹ 16 lakhs), Ms. Priyadarshini Raghupathy ₹ 32 lakhs (₹ 8 lakhs), Ms. Vaani Raghupathy ₹ 8 lakhs (₹ 3 lakhs), Mr. Arjun Govind Raghupathy ₹ 4 lakhs (₹ 3 lakhs).
- Rent paid represents, GEA BGR Energy System India Limited ₹ 0.28 lakhs (₹ 0.34 lakhs), Sasikala Estate Private Limited ₹ 89 lakhs (₹ 106 lakhs), ANI Construction Private Limited ₹ 9 lakhs (₹ 9 lakhs), Mr & Mrs B G Raghupathy ₹ 42 lakhs (₹ 45 lakhs).
- Purchase of fixed assets represent, GEA Cooling Tower Technologies (India) Private Limited ₹ Nil (₹ 16 lakhs).
- Others represent, royalty to Mr. B.G. Raghupathy ₹ 8 lakhs (₹ 25 lakhs), Mrs. Sasikala Raghupathy ₹ 17 lakhs (₹ Nil).
- Advances given represent, GEA BGR Energy Systems India Limited ₹ 60 lakhs (₹ 1 lakh), GEA Cooling Tower Technologies (India) Private Limited ₹ 474 lakhs (₹ 230 lakhs).
- Repayment of advance given represents, Mega Funds India Limited ₹ Nil (₹ 4 lakhs).
- Balances outstanding (Net) represent, GEA Cooling Tower Technologies (India) Private Limited ₹ 75 lakhs (₹ 1111 lakhs), GEA BGR Energy System India Limited ₹ 66 lakhs (₹ 21 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 (₹ 39 lakhs), Schmitz India Private Limited ₹ 60 lakhs (₹ 60 lakhs), B.G.Raghupathy ₹ 8 lakhs (cr. bal.) (₹ 3 lakhs (cr. bal)), Sasikala Estate Private Limited ₹ 7 lakhs (cr. bal) (₹ Nil), Mrs. Sasikala Raghupathy ₹ 39 lakhs (cr. bal) (₹ Nil).
- Guarantees given represent, GEA Cooling Tower Technologies (India) Private limited ₹ 661 lakhs (₹ 661 lakhs).

## 31. EARNINGS PER SHARE (EPS)

For the year ended  
March 31, 2014  
₹ in lakhs

For the year ended  
March 31, 2013  
₹ in lakhs

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

### Basic EPS

Profit after tax as per accounts	9324	16209
Weighted average number of equity shares (face value ₹ 10 per share) (lakh Nos.)	722	722
Basic EPS (₹)	12.92	22.46

### Diluted EPS

Profit for the year for basic EPS	9324	16209
Less : Adjustment	-	-
Adjusted profit for diluted EPS	9324	16209
Weighted average number of equity shares for Basic EPS (lakh Nos.)	722	722
Add : Adjustment	-	-
Weighted average number of equity shares (face value ₹ 10 per share) for diluted EPS (lakh Nos.)	722	722
Diluted EPS (₹)	12.92	22.46

## 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.

### 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 share of the company, in accordance with the terms and conditions of such issue. The exercise price of the option is ₹ 408.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## Vesting schedule

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

Date of Vesting	Vesting Proportion	Time Based (Part A)	Performance Based (Part B)	Earliest Date of Exercise	Last Date of Exercise
Jan 3, 2009	33%	100%	–	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%	–	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	2013-14	2012-13
Number of options outstanding in the beginning of the year (a)	285858	291100
Number of options granted during the year (b)	–	–
Number of options vested during the year (c)	–	–
Number of vested options cancelled (d)	10541	3637
Number of unvested options cancelled (e)	3921	1605
Total number of options forfeited during the year (f)=(d)+(e)	14462	5242
Number of options exercised during the year (g)	–	–
Number of options outstanding at the end of the year (h)=(a)-(f)	271396	285858
Number of options exercisable at the end of the year	51354	65816

## 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 March 31, 2014 are as follows:

₹ in lakhs

Particulars	Total Minimum lease payments Outstanding as at	
	March 31, 2014	March 31, 2013
Due within one year	518	1162
Due later than one year and not later than five years	819	3511
Due later than five years	–	499
<b>Total</b>	<b>1337</b>	<b>5172</b>

Lease rental expense in respect of operating leases recognized in the statement of profit and loss for the year: ₹ 1816 lakhs (₹ 2233 lakhs).

## 34. IMPAIRMENT OF ASSETS

### a. Cash generating units :

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

### b. Other assets :

The company has made a provision of ₹ 32 lakhs (₹ 81 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.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

37. (a) Current tax includes ₹ Nil (₹ 160 lakhs) being provision for income-tax in respect of earlier years.

(b) MAT credit entitlement includes ₹ 395 lakhs (₹ Nil) being MAT credit in respect of earlier years.

## 38. PROVISIONS

a) The company has made a provision / transfer of ₹ 477 lakhs (₹ 1776 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
	2013-14	2013-14	2012 - 13	2012 - 13
Opening balance	2230	20076	1873	18681
Add : Addition / ransfers	485	-	388	1405
Less : (a) Provision utilised	109	1927	24	-
(b) Provision reversed	8	-	7	10
<b>Closing balance</b>	<b>2598</b>	<b>18149</b>	<b>2230</b>	<b>20076</b>

## DEFERRED TAXES

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

₹ in lakhs

Component	Deferred tax asset as at March 31, 2014	Deferred tax liability as at March 31, 2014	Deferred tax asset as at March 31, 2013	Deferred tax liability as at March 31, 2013
Depreciation and impairment	-	1226	-	1441
Provision for bad debts	28	-	389	-
Gratuity	69	-	75	-
Compensated absences	165	-	186	-
Others	30	-	453	-
Carry forward tax loss	2147	-	-	-
Retention money	-	51860	-	41690
<b>Total</b>	<b>2439</b>	<b>53086</b>	<b>1103</b>	<b>43131</b>
<b>Net</b>	<b>-</b>	<b>50647</b>	<b>-</b>	<b>42028</b>

## 39. DETAILS OF ROUNDED OFF AMOUNTS

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

Description	Note No.	As at March 31, 2014	As at March 31, 2013
Investment in GEA Cooling Tower Technologies (India) Private Limited	11	-	0.20

## 40. PREVIOUS YEAR FIGURES

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

SASIKALA RAGHUPATHY Chairman	A.SWAMINATHAN Joint Managing Director and CEO	As per our report of even date for <b>M/s Manohar Chowdhry &amp; Associates</b> Chartered Accountants
V.R.MAHADEVAN Joint Managing Director	SWARNAMUGI KARTHIK Director - Corporate Strategy	M.S.N.M.SANTOSH Partner Membership No.221916
S.A.BOHRAN Director	GNANA RAJASEKARAN Director	HEINRICH BOHMER Director
R.RAMESHKUMAR President - Corporate and Secretary	P.R.EASWAR KUMAR President and Chief Financial Officer	Chennai May 30, 2014



# SUBSIDIARY COMPANIES

## 10. FINANCIAL INFORMATION

₹ in Crs.

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	(4.79)	17.01	17.01	–	7.52	(2.61)	(0.10)	(2.51)	–	India
2	BGR Boilers Private Limited	135.58	(24.41)	562.97	562.97	–	170.63	(23.14)	(0.13)	(23.01)	–	India
3	BGR Turbines Company Private Limited	184.00	6.34	328.86	328.86	–	9.40	1.90	0.42	1.48	–	India
4	Sravanaa Properties Limited	0.17	130.16	130.40	130.40	–	0.18	0.06	0.01	0.05	–	India



# FIRST 1X600MW EPC PROJECT ; TANGEDCO - METTUR





## 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)



## BGR ENERGY SYSTEMS LIMITED

Registered Office: A-5, Pannamgadu Industrial Estate, Ramapuram Post, Sullurpet Taluk, Nellore District, Pin: 524 401 Andhra Pradesh  
Corporate Identity No.: L40106AP1985PLC005318

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 600 018 India Ph: +91 44 24326171 Fax: +91 44 24364656

### Notice to the Members of BGR ENERGY SYSTEMS LIMITED

Notice is hereby given that the 28<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 Thursday, September 25, 2014 to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2014, 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 Mr.M.Gopalakrishna, who retires by rotation and being eligible offers himself for re-appointment as an independent director to hold office consecutively for a term up to March 31, 2019.
4. To appoint a director in the place of Mr.S.A.Bohra, who retires by rotation and being eligible offers himself for re-appointment as an independent director to hold office consecutively for a term up to March 31, 2019.
5. To appoint Auditors of the company to hold office from the conclusion of this 28<sup>th</sup> Annual General meeting until the conclusion of the next Annual General meeting and to fix their remuneration.

#### SPECIAL BUSINESS

6. To consider and, if deemed fit, to pass the following resolution, with or without modification, as an Ordinary Resolution:  
“RESOLVED that pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the

Companies Act, 2013 and under Sections 198, 269, 309 and other applicable provisions, if any of the Companies Act, 1956 (“the Acts”) and the rules made thereunder read with Schedule V of the Companies Act, 2013 and under Schedule XIII of the Companies Act, 1956 as applicable, including statutory modification thereof for the time being in force, as applicable and subject to the approval of the Central Government, if required under the Acts, the approval of the shareholders is hereby accorded for the variation to the terms and conditions of appointment of Mr.V.R.Mahadevan, as Joint Managing Director, effective from September 25, 2013 and the terms and conditions as set out below which was effective June 01, 2013 and that the Board of Directors be and is hereby authorized to alter and vary the terms and conditions of the said appointment and remuneration within the overall limits as prescribed in Schedule V of the Companies Act, 2013 and under Schedule XIII of the Companies Act, 1956 as applicable and as may be amended from time to time.”

a. Designation : Joint Managing Director

#### b. Remuneration

(i) Salary : ₹ 3,00,000/- per month

(ii) Allowances & Reimbursements : ₹ 7,50,000/- per month

(iii) Performance linked Incentive : The Appointee shall be entitled to a performance linked incentive of ₹ 25,00,000 (Rupees Twenty Five Lakh only) per annum.

#### c. Minimum remuneration

During the term of the appointment, wherein any financial year the company has no profits or the profits are inadequate, the Appointee shall be entitled to such remuneration not exceeding the limits specified under Section II of Part II of Schedule V of the Companies Act, 2013 and under Schedule XIII of the Companies Act, 1956, as applicable or such remuneration as may be approved by the Central Government. The remuneration and perquisites as set out hereinabove shall be further subject to the overall maximum remuneration payable to all managerial personnel of the company in accordance with the provisions of the Companies Act, 2013 and / or the Companies Act 1956, as applicable.

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

“RESOLVED that pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 and under Sections 198, 269, 309 and other applicable provisions, if any of the Companies Act, 1956 (“the Acts”) and the rules made thereunder read with Schedule V of the Companies Act, 2013 and Schedule XIII of the Companies Act, 1956 as applicable (including statutory modification thereof for the time being in force) and subject to the approval of the Central Government, if required under the Acts, the approval of the shareholders is hereby granted for the appointment of Mr.A.Swaminathan to the office of Joint Managing Director & Chief Executive Officer, for a period of 5 years from October 01, 2013 on the terms and conditions as set out below and that the Board of Directors be and is hereby

# NOTICE

authorized to alter and vary the terms and conditions of the said appointment and remuneration within the overall limits as prescribed in Schedule V of the Companies Act, 2013 and Schedule XIII of the Companies Act, 1956 as applicable and as may be amended from time to time.”

a. Designation : Joint Managing Director & Chief Executive Officer

b. Remuneration

(i) Salary : ₹ 5,00,000/- per month

(ii) Special pay : ₹ 5,00,000/- per month

(iii) Perquisites & Reimbursements:

In addition to the salary and special pay, the Appointee shall be entitled to perquisites and reimbursements subject to a ceiling of ₹ 60,00,000/- per annum. The value of perquisites shall be valued as per the Income Tax Act, 1961 and in the absence of such Act the actual cost incurred by the company in providing such perquisites;

(iv) In addition to the salary, special pay and perquisites, the appointee shall be entitled to use of company's car in accordance with the rules of the Company.

(v) Contribution to provident fund and gratuity would not be included in the computation of ceiling on remuneration to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.

(vi) Encashment of earned leave at the end of the tenure as per rules of the Company shall not be included in the computation of ceiling of remuneration.

(vii) Provision of car for use on Company's business, telephone and other communication facilities at residence would not be considered as perquisites.

c. Performance linked Incentive:

The Appointee shall be entitled to the Company's performance linked incentive of ₹ 1,00,00,000/- (Rupees One Crore only) per annum.

The Company's performance linked incentive shall be based on the standards set out below:

a) Order booking, Execution of contracts as per customer contracts, achievement of sales, Contribution, EBIDTA and Profit before tax in conformity with Board approved corporate budget and project milestones.

b) Collection of debts as per contractual terms and utilization of working capital borrowings as per Board approved norms.

c) Recruitment and Training of Human resources as per Board approved annual HR Plan.

The performance linked incentive will become due after approval of annual financial statements by the Board.

d. Annual increment : Not applicable.

e. Minimum remuneration :

During the term of the appointment, wherein any financial year the Company has no profits or the profits are inadequate, the Appointee shall be entitled to such remuneration not exceeding the limits specified under section II of part II of Schedule V of the Companies Act, 2013 and Schedule XIII of the Companies Act, 1956, as applicable or such remuneration as may be approved by the Central Government. The remuneration and perquisites as set out herein above shall be further subject to the overall maximum remuneration payable to all managerial personnel of the Company in accordance with the provisions of the Companies Act, 2013 and / or the Companies Act 1956, as applicable.

8. 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 188 and other applicable provisions, if any, of the Companies Act, 2013 and under Section 314 (1) (b) and other applicable provisions, if any, of the Companies Act, 1956 (“the Acts”), the consent of the Company be and is hereby accorded to the remuneration paid/ payable to Mrs.Priyadarshini Raghupathy who is a relative of Mrs.Sasikala Raghupathy and Mrs.Swarnamugi Karthik 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 subject to the limits under the provisions of the Companies Act, 2013.”

Remuneration effective from 28.01.2012	Remuneration effective from 28.01.2013	Remuneration on appointment as DGM effective from 01.01.2014
Basic Salary ₹ 46,000 p.m. plus other allowances aggregating to ₹ 22,08,000/- cost to the company per annum	Basic Salary ₹ 54,000 p.m. plus other allowances aggregating to ₹ 25,92,000/- cost to the company per annum	Basic Salary ₹ 58,000 p.m. plus other allowances aggregating to ₹ 27,84,000/- cost to the company per annum

9. 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 180(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013 and Companies Act, 1956 and Article 52 of the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the Board of Directors to borrow money by way of loans, credits or otherwise up to ₹ 10,000 Crores (including public deposits but excluding temporary loans obtained from the Company's bankers in the ordinary course of business) from banks, financial institutions and other sources from time to time for the purpose of financing working capital requirements as also for acquisition of capital assets and / or for the general corporate purposes and other requirements of the Company both for capital and revenue in nature, notwithstanding that the moneys to be



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borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purposes”.

“RESOLVED FURTHER that for the purpose of giving effect to the above resolutions, the Board and / or Committee of Directors be and are hereby authorized to finalise, settle and execute such documents, deeds, writings, papers and agreements as may be required and do all such acts, deeds, matters and things, as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulties or doubts that may arise with regard to borrowing and creating mortgages or charges or other security as may be required.”

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 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder read with Schedule IV of the Companies Act, 2013, Mr.S.R.Tagat, Director of the Company be and is hereby appointed, as an independent director of the Company to hold office consecutively for a term up to March 31, 2019.”

11. 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 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder read with Schedule IV of the Companies Act, 2013, Mr. M.S.Sundara Rajan, Director of the Company be and is hereby appointed, as an independent director of the Company to hold office consecutively for a term of five years or upto the date of conclusion of Annual General Meeting in the year 2019, whichever is earlier.”

12. 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 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder read with Schedule IV of the Companies Act, 2013, Mr.Gnana Rajasekaran, Director of the Company be and is hereby appointed, as an independent director of the Company to hold office consecutively for a term of five years or upto the date of conclusion of Annual General Meeting in the year 2019, whichever is earlier.”

13. 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 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder read with Schedule IV of the Companies Act, 2013, Mr.Heinrich Bohmer, Director of the Company be and is hereby appointed, as an independent director of the Company to hold office consecutively for a term up to March 31, 2019.”

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

“RESOLVED that pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder the remuneration of ₹ 1,00,000/- plus reimbursement of out of pocket expenses payable to Mr. R.Vaidhyathan, Cost Accountant, as Cost Auditor to audit the cost records maintained by the Company for the Financial Year 2014-15 as approved by the Board be and is hereby ratified.

By order of the Board

**R. RAMESH KUMAR**

President – Corporate & Secretary

Place : Chennai

Date : May 30, 2014

## 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.**

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

- ii) The relevant statement as required under Section 102 of the Companies Act, 2013 in respect of the special business in the notice is appended herewith.
- iii) The Register of Members and Share transfer book of the Company shall remain closed from Saturday, September 20, 2014 to Thursday, September 25, 2014 (both days inclusive).
- iv) All documents referred to in the above notice and statement are available for inspection at the Registered office of the Company on all working days (except Saturdays, Sundays and Public holidays) between 10.00 a.m. and 5.00 p.m. upto the date of the 28<sup>th</sup> Annual General Meeting.
- v) Members holding shares in physical form are requested to notify any change in their address to the Registrar and Share Transfer Agent - Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai 400 078.
- vi) Members holding shares in electronic form should update their details with their respective depository participants. The bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrar cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be

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advised only to the depository participant of the members.

- vii) For any assistance or guidance for dematerialization, shareholders are requested to contact the Company's Registrar and Share Transfer Agent or Investors Relations Centre at the Corporate Office of the Company.
- viii) Members who have not encashed the dividend warrants for the FY 2007-08, FY 2008-09, FY 2009-10, FY 2010-11, FY 2011-12 and FY 2012-13 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 28<sup>th</sup> 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 28<sup>th</sup> Annual General Meeting and will be open for inspection.
- xi) Members are requested to bring their copy of the annual report to the meeting along with duly signed attendance slip.
- xii) **Voting through electronic means**

In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 and Clause 35B of the listing agreement, the Company is pleased to provide members facility to exercise their right to vote at the 28<sup>th</sup> Annual General Meeting by electronic means and the business as may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL).

The instructions for e-voting are as under:

A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Depository Participants(s)]:

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

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

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

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

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

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

- II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- III. If you are already registered with NSDL for e-voting then you can use your existing user ID and password/ PIN for casting your vote.
- IV. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- V. The e-voting period commences on September 15, 2014 (9:30 am) and ends on September 17, 2014 (6:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of August 15, 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- VI. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of August 15, 2014.
- VII. M/s R.Sridharan & Associates, Practicing Company Secretaries, have been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

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VIII. The Scrutinizer shall within a period not exceeding 3 (three) working days from the conclusion of the e-voting period unblock the votes in the presence of at least 2 (two) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

IX. The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.bgrcorp.com and on the website of NSDL within 2 (two) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited and National Stock Exchange of India Limited.

## Statement Pursuant to Section 102 of the Companies Act, 2013 and Information under Clause 49 of the Listing Agreement

### Item No.6

Mr. V.R.Mahadevan was 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 from June 01, 2010 and the appointment was approved by the shareholders in the Annual General Meeting of the Company held on September 24, 2010. The Board of Directors at its meeting held on September 25, 2013 re-designated Mr.V.R.Mahadevan as Joint Managing Director effective September 25, 2013. Further the Board at its meeting held on November 13, 2013 varied the terms of appointment with effect from September 25, 2013 except remuneration payable to him which was given effect from June 01, 2013.

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

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

The appointment and re-designation of Mr. V.R.Mahadevan was made under the provisions of the Companies Act, 1956. In terms of Schedule V of the Companies Act, 2013 and Schedule XIII of the Companies Act, 1956 the appointment and remuneration payable to a managerial person shall be approved by shareholders in general meeting. Accordingly, the approval of shareholders is sought for the variation to the terms and conditions of appointment of Mr.Mahadevan by way of resolution and the Board of Directors recommends the same.

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

### Item No. 7

Mr. A.Swaminathan was 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 from 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 September 24, 2010.

Subsequently, the Board of Directors at its meeting held on September 25, 2013 appointed Mr.A.Swaminathan as Joint Managing Director & Chief Executive Officer for a period of 5 years effective from October 01, 2013 and the Board at its meeting held on November 13, 2013 further approved the terms of appointment. The previous appointment of Mr. Swaminathan as Director - Sales & Marketing then came to an end on September 30, 2013.

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 in the year 2010. 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 Progen Systems and Technologies Limited, Cuddalore Powergen Corporation Limited and BGR Boilers Private Limited. He holds 18,000 shares in the Company and he is a member of Committee of Directors of the Company.

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

### Item No.8

Mrs. Priyadarshini Raghupathy is the relative of Mrs.Sasikala Raghupathy, Chairman and Mrs. Swarnamugi Karthik, Director of the Company. The Board at its meeting held on November 13, 2013 approved the promotion and appointment of Mrs.Priyadarshini as Deputy General Manager and revised her remuneration as per the details provided below.

Remuneration effective from 28.01.2012	Remuneration effective from 28.01.2013	Remuneration on appointment as DGM effective from 01.01.2014
Basic Salary ₹ 46,000 p.m. plus other allowances aggregating to ₹ 22,08,000/- cost to the company per annum	Basic Salary ₹ 54,000 p.m. plus other allowances aggregating to ₹ 25,92,000/- cost to the company per annum	Basic Salary ₹ 58,000 p.m. plus other allowances aggregating to ₹ 27,84,000/- cost to the company per annum

As per the provisions of Section 188 of the Companies Act, 2013 and Section 314 of the Companies Act, 1956, the consent of the members is required for the payment of aforesaid remuneration to Mrs.Priyadarshini

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Raghupathy and accordingly the consent of shareholders is sought by way of a special resolution. The Board recommends passing of the resolution as a special resolution.

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

## Item No.9

In terms of Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of the Company, except with the consent of the shareholders in a general meeting, borrow moneys, where moneys to be borrowed together with the moneys already borrowed by the company (apart from temporary loans obtained from Company's bankers in the ordinary course of business) that will exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose. Article 52 of the Articles of Association of Company provides for the borrowing powers of the Board subject to such limits as may be imposed by the shareholders. Accordingly, the shareholders at the 22<sup>nd</sup> Annual General Meeting of the Company held on September 19, 2008 passed an Ordinary resolution under Section 293(1)(d) of the Companies Act, 1956, authorizing the Board of Directors of the Company to borrow money up to ₹ 10,000 Crores in excess of the aggregate of its paid up capital and free reserves. Now, the Section 180 of the Companies Act, 2013 which was notified by the government of India effective September 12, 2013 requires the consent of the shareholders by way of Special resolution for borrowing any money in excess of the paid-up capital and free reserves of the Company. The Ministry of Corporate Affairs vide its clarification No.04/2014, dated March 25, 2014 has clarified that the resolutions passed under Section 293 prior to September 12, 2013 with reference to the borrowing and/or creation of security on assets of the Company will be regarded as sufficient compliance of the requirements of Section 180 of the Companies Act, 2013 for a period of one year from September 12, 2013 only and there after a fresh approval of the shareholders is required by a special resolution to comply with the requirement of Section 180 of the Companies Act, 2013. Accordingly, the consent of the

members is being sought by way of a special resolution for the same borrowing limit of ₹ 10,000 crores as set out in the resolution. The proposal is in the interest of the Company and the Board recommends the resolution for approval of members.

None of the directors and key managerial personnel of the Company and their relatives is concerned or interested in the resolution.

## Item Nos. 3, 4 & 10 to 13

The independent directors of the Company namely Mr. M.Gopalakrishna and Mr. S.A.Bohra are retiring by rotation in the ensuing Annual General Meeting of the Company and the remaining independent directors namely Mr. S.R.Tagat, Mr. M.S.Sundara Rajan, Mr. Heinrich Bohmer and Mr. Gnana Rajasekaran are not retiring in the ensuing Annual General Meeting of the Company. As per the Companies Act, 2013 which came into effect on and from April 01, 2014 the independent directors are required to be appointed for a term up to 5 years without the requirement of retirement by rotation and their appointment shall be approved by the Company in general meeting. Hence, it is proposed to appoint Mr. M.Gopalakrishna, Mr. S.A.Bohra, Mr. S.R.Tagat and Mr. Heinrich Bohmer for a consecutive term up to March 31, 2019 and Mr.M.S.Sundara Rajan and Mr. Gnana Rajasekaran for a consecutive term of 5 years or upto the date of conclusion of Annual General Meeting in the year 2019, whichever is earlier as required under the Companies Act, 2013.

The Profile of Independent Directors seeking appointment is given below:

1) Mr. M.Gopalakrishna is a graduate in Science and Law from Osmania University, and has done an Advanced Management Program in Banff School of Management, Canada. He was inducted into the Board as independent director of the Company on July 18, 2007. He is a retired officer of the Indian Administrative Service ("IAS") and has served on the Boards of various public limited companies in the capacity of Chairman, Managing Director and Director. He was Chairman of Rural Electrification Corporation Limited, Assam Gas Company Limited and Andhra Pradesh State Financial Corporation and Managing Director of Godavari Fertilisers and Chemicals Limited. Mr. Gopalakrishna

does not hold any share in the Company. Mr. Gopalakrishna is a member of Audit Committee, Compensation Committee and Shareholders & Investors Grievance Committee. Mr. Gopalakrishna holds directorship in the Companies mentioned below.

Sl No.	Names of the Companies
1.	Jocil Limited
2.	Sentini Bio-products Private Limited
3.	Pitti Laminations Limited
4.	Goldstone Infratech Limited
5.	Arani Power Systems Limited
6.	Kernex Microsystems (India) Limited
7.	Vijayasri Organics Limited
8.	Nuziveedu Seeds Limited
9.	NSL Textiles Limited
10.	NSL Renewable Power Private Limited
11.	Suven Life Sciences Limited

Keeping in view of his rich expertise and vast knowledge potential, it will be in the interest of the Company to appoint him as an Independent Director.

In the opinion of the Board, Mr.M.Gopalakrishna, the Independent director fulfills the conditions specified in the Companies Act, 2013 and the rules made thereunder and that the director is independent of the management. Copy of the draft letter of appointment of Mr.M.Gopalakrishna as an Independent Director setting out the terms and conditions would be available for inspection at the registered office of the Company by any member during normal business hours on any working day.

2) Mr. S.A.Bohra holds a Bachelor's degree in Mechanical Engineering from Jodhpur University. He was inducted into the Board as independent director of the Company on July 18, 2007. Mr. Bohra served as Senior Executive Director (Technical) of Nuclear Power Corporation of India Limited and also served on the Board of various Public Limited companies and Government companies. Mr. Bohra was governor on the Board of WANO (World Association of Nuclear Operators), Tokyo center. Mr. Bohra does not hold any share



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in the Company. Mr. Bohra is a member of Audit Committee and Compensation Committee. Mr. Bohra does not hold directorship in any other company.

Keeping in view of his rich experience and vast knowledge potential, it will be in the interest of the Company to appoint him as an Independent Director.

In the opinion of the Board, Mr. S.A. Bohra, the Independent director fulfills the conditions specified in the Companies Act, 2013 and the rules made thereunder and that the director is independent of the management. Copy of the draft letter of appointment of Mr. S.A. Bohra as an Independent Director setting out the terms and conditions would be available for inspection at the registered office of the Company by any member during normal business hours on any working day.

- 3) Mr. S.R. Tagat is an independent Director on the Board of your company. Mr. Tagat, a Chartered Accountant holds a Bachelor's degree in Commerce. He was inducted into the Board as independent director of the Company on July 18, 2007. Mr. Tagat has earlier served in various State public sector enterprises and handled audit of corporates, banks and insurance companies. Presently, Mr. Tagat is a partner in a reputed firm of Chartered Accountants. Mr. Tagat is the Chairman of the Audit Committee and a member of Share Transfer Committee of the Company. Mr. Tagat holds 135 equity shares of the Company. Mr. Tagat does not hold directorship in any other company.

Keeping in view of his qualification and wide experience and vast knowledge potential, it will be in the interest of the Company to appoint him as an Independent Director.

In the opinion of the Board, Mr. S.R. Tagat, the Independent director fulfills the conditions specified in the Companies Act, 2013 and the rules made thereunder and that the director is independent of the management. Copy of the draft letter of appointment of Mr. S.R. Tagat as an Independent Director setting out the terms and conditions would be available for inspection at the registered office of the Company by any member during normal business hours on any working day.

- 4) Mr. M.S. Sundara Rajan, holds Master Degree in Economics and is an Associate member of the Institute of Company Secretaries of India and a Certified Associate of Indian Institute of Bankers. He was inducted into the Board as independent director of the Company on November 14, 2011. Mr. Sundara Rajan retired as Chairman & Managing Director, Indian Bank on March 31, 2010. He has served in banking sector for more than three decades in various capacities including at Board levels of various subsidiary companies of Indian Bank. Mr. Sundara Rajan brings with him rich and vast experience in credit, merchant banking, corporate banking, housing finance, fund management and other strategic areas of banking. Mr. Sundara Rajan does not hold any share in the Company. Mr. Sundara Rajan holds directorship in companies given below:

Sl No.	Names of the Companies
1.	NSDL Database Management Limited
2.	The Clearing Corporation of India Limited
3.	Aadhar Housing Finance Private Limited
4.	Sundaram Trustee Company Limited
5.	Royal Sundaram Alliance Insurance Company Limited
6.	My Mobile Payments Limited
7.	Sharda Cropchem Ltd
8.	Kisan Mouldings Limited
9.	Gitanjali Gems Limited
10.	MSA Holdings Private Ltd
11.	Centbank Financial Services Ltd
12.	Revetec Technologies (India) Private Ltd
13.	Capital First Ltd
14.	Happy Insurance TPA Services Pvt Ltd
15.	Computer Age Management Services Private Limited

Keeping in view of his rich expertise and vast knowledge potential in Banking and Finance matters, it will be in the interest of the Company to appoint him as an Independent Director.

In the opinion of the Board, Mr. M.S. Sundara Rajan, the Independent director fulfills the conditions specified in the Companies

Act, 2013 and the rules made thereunder and that the director is independent of the management. Copy of the draft letter of appointment of Mr. M.S. Sundara Rajan as an Independent Director setting out the terms and conditions would be available for inspection at the registered office of the Company by any member during normal business hours on any working day.

- 5) Mr. Gnana Rajasekaran, holds Master Degree in Physics and is a retired officer of the Indian Administrative Service. He has served on the Boards of various Public Sector undertaking in the capacity of Chairman/Managing Director for more than two decades. He was Secretary to Government, Energy and Labour departments, Government of Kerala and Chairman, Kerala State Electricity Board. Mr. Gnana Rajasekaran brings with him rich and vast experience in arts, culture and public administration and has won many awards and recognitions at National and State levels. Mr. Gnana Rajasekaran does not hold any share in the Company. He is on the Board of Odyssey Technologies Limited.

Keeping in view of his rich expertise and vast knowledge potential in administration and related areas, it will be in the interest of the Company to appoint him as an Independent Director.

In the opinion of the Board, Mr. Gnana Rajasekaran, the Independent director fulfills the conditions specified in the Companies Act, 1956 and the rules made thereunder and that the director is independent of the management. Copy of the draft letter of appointment of Mr. Gnana Rajasekaran as an Independent Director setting out the terms and conditions would be available for inspection at the registered office of the Company by any member during normal business hours on any working day.

- 6) 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

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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 any 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.

Keeping in view of his rich expertise and vast knowledge potential in various technical matters, it will be in the interest of the Company to appoint him as an Independent Director.

In the opinion of the Board, Mr. Heinrich Bohmer, the Independent director fulfills the conditions specified in the Companies Act, 2013 and the rules made thereunder

and that the director is independent of the management. Copy of the draft letter of appointment of Mr. Heinrich Bohmer as an Independent Director setting out the terms and conditions would be available for inspection at the registered office of the Company by any member during normal business hours on any working day.

Except the independent directors, none of the directors and key managerial personnel of the Company and their relatives is concerned or interested in the resolution set out in the Item Nos. 3, 4 & 10 to 13.

### **Item No.14**

The proposal for appointment of Cost Auditor for Financial Year 2014 -15 was recommended by the Audit Committee to the Board. It was proposed to appoint Mr. R.Vaidhyanathan, Cost Accountant. Certificate dated May 07, 2014 issued by the cost auditor regarding

his eligibility for appointment as cost auditor will be available for inspection at the registered office of the Company during the office hours and shall be available at the meeting. As per the Rule 14 of the Companies (Audit and Auditors) Rules, 2014 the appointment and remuneration payable to the cost auditors requires ratification by the shareholders of the Company. Hence, the Board recommends the appointment and remuneration for ratification by the shareholders. None of the directors and key managerial personnel and their relatives are interested in the resolution.

By order of the Board

**R. RAMESH KUMAR**

President – Corporate & Secretary

Place : Chennai

Date : May 30, 2014