

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



**BGR ENERGY SYSTEMS LIMITED**  
29<sup>th</sup> ANNUAL REPORT 2014-15

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



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

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



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

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



# Contents

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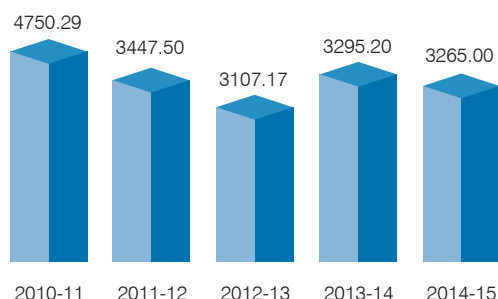
Financial Highlights	2
Corporate Information	3
Directors' Report and Annexures	4
<b>STANDALONE FINANCIAL STATEMENTS</b>	
Auditors' Report	40
Balance Sheet	44
Statement of Profit & Loss	45
Cash flow statement	46
Notes to Financial Statements	47
<b>CONSOLIDATED FINANCIAL STATEMENTS</b>	
Auditors' Report	72
Balance Sheet	74
Statement of Profit & Loss	75
Cash flow statement	76
Notes to Financial Statements	77
Financial Information of Subsidiaries	99

# Financial Highlights

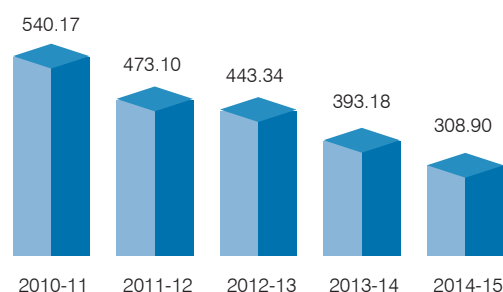
(₹ in Crore except per Share data)

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

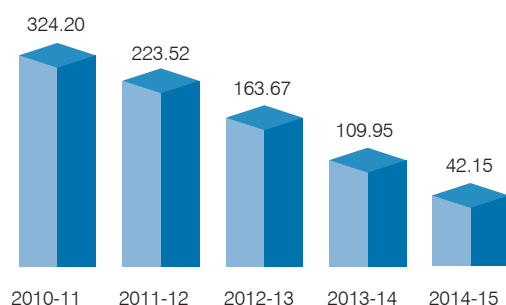
**SALES (₹ in Crores)**



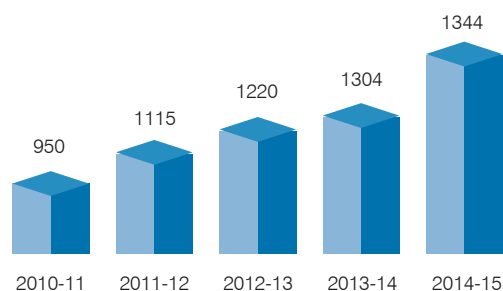
**EBIDTA (₹ in Crores)**



**PAT (₹ in Crores)**



**NETWORTH (₹ in Crores)**



# Corporate Information

## BOARD OF DIRECTORS

**Sasikala Raghupathy**  
Chairman

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

**V.R. Mahadevan**  
Joint Managing Director

**Swarnamugi Karthik**  
Director – Corporate Strategy

**M.Gopalakrishna**  
Director

**S.A.Bohra**  
Director

**S R Tagat**  
Director

**M. S. Sundara Rajan**  
Director

**Gnana Rajasekaran**  
Director

**Heinrich Bohmer**  
Director

## COMPANY SECRETARY

**R. Ramesh Kumar**

## CHIEF FINANCIAL OFFICER

**P. R. Easwar Kumar**

## STATUTORY AUDITORS

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

## INTERNAL AUDITORS

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

## BANKERS

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

## REGISTERED OFFICE

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

## CORPORATE OFFICE

443, Anna Salai, Teynampet  
Chennai 600018 India

## REGIONAL OFFICES

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

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

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

Website  
[www.bgrcorp.com](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



# Directors' Report

## To the Members of

### BGR ENERGY SYSTEMS LIMITED

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

### FINANCIAL RESULTS

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

(₹ Crore)

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

### DIVIDEND AND APPROPRIATION

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

### OPERATING PERFORMANCE

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

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

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

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

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

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

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

### INDUSTRY ANALYSIS - POWER

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

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

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

### FUTURE OUTLOOK

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

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

# Directors' Report

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

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

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

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

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

## PROGRESS AND STATUS OF JOINT VENTURES

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

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

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

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

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

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

### Performance and financial position of each subsidiary, JVs

A report on the performance and financial position of each of the subsidiaries and joint venture as per rule 5 of the Companies (Accounts) Rules, 2014 is provided as annexure to the consolidated financial statement and hence not repeated here for the sake of brevity. These information so disclosed may also be treated for the purpose of rule 8(1) of the Companies (Accounts) Rules, 2014.

## CONSOLIDATED FINANCIAL STATEMENT

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

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

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

## BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

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

# Directors' Report

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

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

## MEETINGS OF BOARD

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

## ANNUAL EVALUATION OF BOARD

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the listing agreement, the Board has carried out an annual evaluation of its own performance, individual directors separately as well as the evaluation of the working of its Audit Committee, Committee of Directors, Stakeholders Relationship Committee and Nomination and Remuneration Committee. A robust review system was adopted by the Nomination and Remuneration Committee covering various aspects of the functioning of the Board and every Director for evaluation of performance.

## AUDIT COMMITTEE

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

## SHARE CAPITAL

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

## TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

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

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

## HUMAN RESOURCES

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

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

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

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

## PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

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

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

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

## EMPLOYEE STOCK OPTION SCHEME

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



# Directors' Report

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

## DEPOSITS

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

## ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

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

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

Your Company has internal control system which includes financial control commensurate with the size, scale and complexity of company's operations. The internal audit function evaluate the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are periodically presented to the Audit Committee of the Board.

## CORPORATE SOCIAL RESPONSIBILITY

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

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

## REMUNERATION POLICY

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

## VIGIL MECHANISM/WHISTLE BLOWER POLICY

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

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

## RELATED PARTY TRANSACTIONS

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

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

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

## SECRETARIAL AUDIT

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

## RISK MANAGEMENT POLICY

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

## DIRECTORS' RESPONSIBILITY STATEMENT

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

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

# Directors' Report

consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2015 and of the profit of the Company for the Financial year ended on that date ;

- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) the Directors had prepared the annual accounts for the year ended March 31, 2015 on a going concern basis.
- e) the Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## STATUTORY AUDITORS' AND AUDITOR'S REPORT

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

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

### Auditor's Qualification:

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

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

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

### Board's reply:

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

## COST AUDITORS

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

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

## CORPORATE GOVERNANCE

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

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

## EXTRACT OF ANNUAL RETURN

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

## ANNEXURES FORMING PART OF DIRECTORS' REPORT

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

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

## ACKNOWLEDGEMENTS

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

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

For and on behalf of the Board

**Sasikala Raghupathy**  
Chairman

Place : Chennai

Date : August 03, 2015