





# Super Critical BTG; Delivered



# CONTENTS

## MANAGEMENT REPORTS

Financial Highlights	02
Corporate Information	03
Board's Report and Annexures	04

## STANDALONE FINANCIAL STATEMENTS

Auditors' Report	60
Balance Sheet	70
Statement of Profit and Loss	71
Cash flow Statement	72
Notes to Financial Statements	74

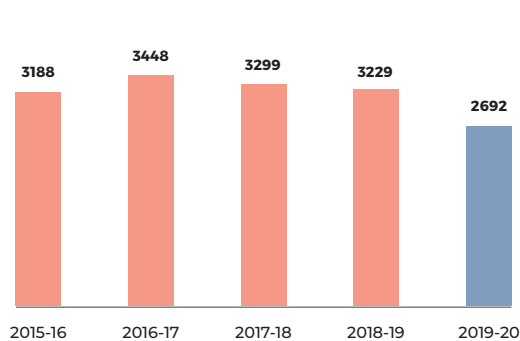
## CONSOLIDATED FINANCIAL STATEMENTS

Auditors' Report	112
Balance Sheet	119
Statement of Profit and Loss	120
Cash flow Statement	121
Notes to Financial Statements	123
Financial Information of Subsidiaries	158

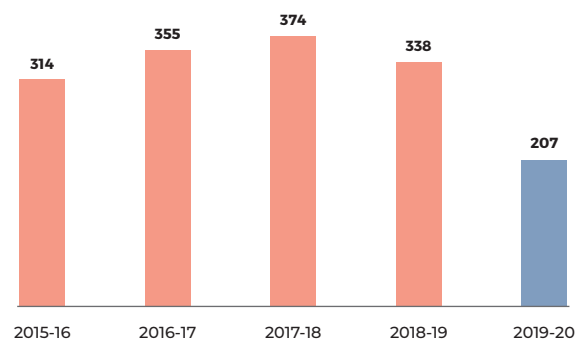
## Financial Highlights

(₹ Crores except per share data)

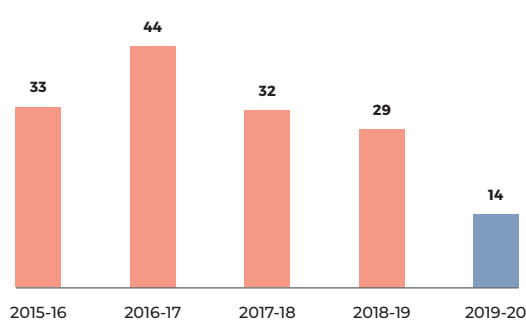
DESCRIPTION	2015-16	2016-17	2017-18	2018-19	2019- 20
<b>SALES AND EARNINGS</b>					
Sales	3188	3448	3299	3229	2692
Other Income	6	0	21	1	41
EBIDTA	314	355	374	338	207
PAT	33	44	32	29	14
<b>ASSETS</b>					
Fixed Assets	179	172	178	177	163
Investments	364	364	364	364	359
Other Asset (Net)	3457	3094	3333	3334	3283
Total Assets	4000	3631	3874	3875	3806
<b>FUNDED BY</b>					
Equity Share Capital	72	72	72	72	72
Reserves and Surplus	1305	1305	1333	1334	1345
Networth	1377	1378	1405	1406	1417
Deferred Taxes	374	327	344	344	259
Borrowings	2248	1926	2125	2124	2130
Total Liabilities	4000	3631	3874	3875	3806
EPS (Rs.)	4.57	6.12	4.49	4.03	1.87



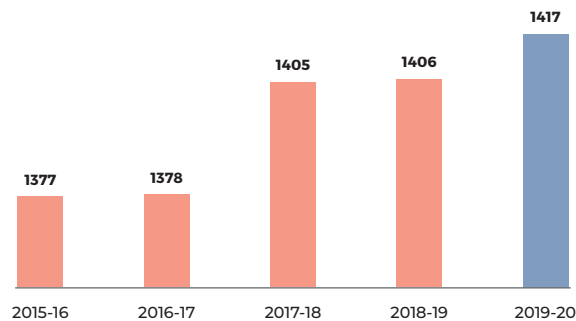
**Sales (Rs. in Crores)**



**EBIDTA (Rs. in Crores)**



**PAT (Rs. in Crores)**



**Networth (Rs. in Crores)**



## BOARD OF DIRECTORS

Sasikala Raghupathy  
Chairperson

M.Gopalakrishna  
Director

S.A.Bohra  
Director

S R Tagat  
Director

Gnana Rajasekaran  
Director

Swarnamugi R Karthik  
Director – Corporate Strategy

Arjun Govind Raghupathy  
Managing Director

R. Ramesh Kumar  
Whole Time Director & Secretary

## CHIEF FINANCIAL OFFICER

P. R.Easwar Kumar

## 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  
Phone : 91 44 24301000  
Email : investors@bgrenergy.com

## WEBSITE

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

## REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Private Limited  
C-101, 247 Park, L B S Marg,  
Vikhroli (west)  
Mumbai – 400083

## STATUTORY AUDITOR

N. R. Doraiswami & Co.,  
Chartered Accountants  
No.75, (3H), Third Floor,  
Prince Arcade, New No.29,  
Old No.22-A, Cathedral Road,  
Chennai – 600 086

## INTERNAL AUDITOR

R Bupathy & Co  
No.139, VIBGYOR, First Floor  
Kodambakkam High Road,  
Nungambakkam, Chennai-600034

## SECRETARIAL AUDITOR

V Suresh  
No.28, 1st Floor  
Ganapathy Colony,  
3rd Street, Teynampet  
Chennai - 600018

## BANKERS

State Bank of India  
Andhra Bank  
Allahabad Bank  
Axis Bank  
Bank of Baroda  
Bank of India  
Central Bank of India  
Corporation Bank  
Export Import Bank of India  
ICICI Bank Limited  
IDBI Bank Ltd  
Indian Bank  
Kotak Mahindra Bank Ltd.  
Punjab National Bank  
Syndicate Bank  
The KarurVysya Bank Limited  
Union Bank of India

## To the Members of BGR ENERGY SYSTEMS LIMITED

Your directors have pleasure in presenting their 34<sup>th</sup> Annual Report together with the audited financial statements for the year ended March 31, 2020.

### FINANCIAL RESULTS

The highlights of the standalone financial performance of the Company during the financial year ended March 31, 2020 as compared with the previous financial year ended March 31, 2019 are summarized below:

(₹ in Crore)

Description	2019-20	2018-19
Income from operations	2692	3229
Other income	41	0.71
Total Income	2733	3230
Earnings before Interest, Depreciation, Tax and Amortization	207	338
Profit before exceptional item and tax	(64)	41
Tax Expense	(78)	12
Net Profit after tax	14	29
Other Comprehensive income(net)	-2.37	-0.62
Net Worth	1417	1406

### DETAILS OF MATERIAL CHANGES FROM THE END OF THE FINANCIAL YEAR TILL THE DATE OF THIS REPORT

Significant material changes and commitments have occurred after the closure of the Financial Year 2019-20 till the date of this Report, which would affect the financial position of your Company.

The rampant spread of COVID-19 outbreak, across borders and geographies, has severely impacted almost the whole world and triggered significant downside risks to the overall global economic outlook and India is no exception. Due to the lockdown announced by the Government of India from 25th March, 2020, entire operations of the Company came to a halt. The lockdowns and restrictions imposed on various activities due to the pandemic have posed challenges to the businesses of your Company.

The moratorium on debts and interest payments have been a source of support in otherwise severely impacted liquidity and operating cash flows. The Board believes that it is difficult to predict any industry wide scenario for the immediate short term and the Company expects to resume normal operations soon after lifting of lockdown and movement of men and materials. Although there are uncertainties due to the pandemic, the Company is taking several measures to mitigate the adverse impact

by optimizing costs and continuously realigning the cost and operating structures so as to sustain viable level.

### DIVIDEND AND APPROPRIATION

Your Company has incurred loss during the year and hence Board of Directors have not recommended any dividend during the year.

### COMPANY'S OPERATING PERFORMANCE AND STATE AFFAIRS

Your Company continues to maintain competitive edge in most of its businesses. However the downturn in Indian power industry coupled with stagnant power demand scenario had adversely impacted market potential for EPC and BoP opportunities for thermal power projects. Your Company has timely initiated strategic steps to leverage its proven design, engineering, construction and project management capabilities and is poised to enter other key sectors of economy namely Water, Infrastructure, Highways and Roads, Transportation and Construction. These strategic measures are expected to yield positive growth results in the years to come. Your Company's manufacturing business have shown improvement and are expected to post robust performance in the light of project investments in India and abroad.

The Company's state of affairs, operations review and future outlook have been discussed and analyzed more in depth in the Management Discussion & Analysis report (Annexure VII) forming part of this Board's report.

### SUBSIDIARIES AND JOINT VENTURES

BGR Boilers Private Limited, which supplies 660 MW super critical steam generators, made an operating income of Rs.49.32 Crores and incurred a loss of Rs.17.33 Crores in the year 2019-20. BGR Turbines Company Private Limited, which supplies 800MW super critical steam turbine generators, has made an operating income of Rs.10.20 Crores and made a loss of Rs.5.80 Crore in the year 2019-20. During the year under review your Company divested its entire shareholding in its subsidiary viz., Progen Systems and Technologies Limited. The manufacturing facilities of this subsidiary will continue to be available to your Company on lease basis in accordance with mutually agreed terms. This divestment had no significant impact on the financial position of your Company.

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 as required under rule 8(1) of the Companies (Accounts) Rules, 2014.

## CONSOLIDATED FINANCIAL STATEMENT

In accordance with Companies Act, 2013 and implementation requirements of Indian Accounting Standards (Ind AS) Rules on accounting and disclosure requirements, and as prescribed by Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Audited Consolidated Financial Statements are provided in this Annual Report.

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

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 annual financial statements of subsidiary companies, as the case may be, and the Company will provide a copy of separate financial statements in respect of each of its subsidiary, to any shareholder of the company who asks for it.

## BOARD OF DIRECTORS

In accordance with the provisions of Companies Act, 2013, Mr. Arjun Govind Raghupathy, Director retires by rotation and being eligible offers himself for reappointment. A brief profile of Mr.Arjun Govind Raghupathy (DIN 02700864) will be given in the notice convening the 34th annual general meeting of the Company. The Board of Directors recommends proposed appointment of Mr. Arjun Govind Raghupathy.

On the recommendation of Nomination and Remuneration Committee (NRC) the Board of Directors on June 30, 2020 re-designated Mr.Arjun Govind Raghupathy, Deputy Managing Director & COO and appointed him to the office of Managing Director. The Board further vested Mr. Arjun Govind Raghupathy the responsibility of Chief Executive Officer of the Company.

The first term of office of Mr. Gnana Rajasekaran , as independent director of the Company in terms of the Companies Act, 2013 expired on August 14, 2019. Pursuant to the recommendation of the Nomination and Remuneration Committee and the Board of Directors the shareholders re-appointed Mr.Gnana Rajasekaran as independent director of the Company for a period of 5 years at the last Annual General Meeting held on August 14, 2019.

Mr.A.Swaminathan Director-(Engineering & Construction Business) of the Company had relinquished his office of director on the date of last AGM (August 14, 2019) consequent to the expiry of his term of office of Director on the Board.

Mr.V.R.Mahadevan, Joint Managing Director has resigned from the Board with effect from June 30, 2020. The Board placed on record its appreciation of the valuable services rendered by Mr. Swaminathan and Mr Mahadevan to the Company during their long association with the Company and their contribution in managing the Company during growth and critical phases as Directors on the Board of Directors of the Company.

The Board of Directors of the Company on the basis of recommendation of NRC and having due regard to the proven knowledge, acumen and experience of Mr. R.Ramesh Kumar in the fields of governance, legal, corporate strategy and compliance has appointed him as a director in the vacancy arisen due to the resignation of Mr.V.R.Mahadevan and designated as Whole Time Director ( Governance & Legal) & Secretary with effect from July 01,2020. The Notice calling for ensuing annual general meeting contains the professional profile of Mr. Ramesh Kumar.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Also, your Company has received annual declarations from all the Independent Directors of the Company confirming that they have already registered their names with the data bank maintained by the Indian Institute of Corporate Affairs [“IICA”] as prescribed by the Ministry of Corporate Affairs under the relevant rules.

The Board is of the opinion that all independent directors of the Company hold highest standards of integrity and possess requisite expertise and experience required to fulfill their duties as Independent Directors.

## MEETINGS OF BOARD

During the year, 6 Board meetings and 5 Audit Committee meetings were convened and held. The details of these meetings 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and having due regard to the SEBI's Guidance Note on Board Evaluation dated January 05, 2017, 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 comprehensive evaluation process formulated by the Nomination and Remuneration Committee covering various aspects of the functioning of the Board was circulated to all the Directors to evaluate the performance of the Board. The performance evaluation of the Non-Independent Directors and the Board as a whole was carried out by the Independent Directors. The performance evaluation of the Chairperson of the Company was also carried out by the independent directors, taking into account the views of the executive and non-executive directors. The Directors expressed their satisfaction with the evaluation process.

## **POLICY ON DIRECTORS' APPOINTMENT, REMUNERATION AND OTHER DETAILS:**

The Nomination and Remuneration Committee framed a policy on appointment of Directors including criteria for determining qualification, positive attributes and other matters. The main objectives of the policy are given below:

- (i) Enhancement of performance of the Board and facilitate effective Corporate Governance.
- (ii) Encourage diversity of thoughts, expertise and perspectives.
- (iii) Usher in independence in the performance of the Board.
- (iv) Eliminate gender bias, if any, in the constitution and functioning of the Board of Directors.
- (v) Provide and create an environment for succession planning.
- (vi) Identification of senior/key management personnel for appointment as Executive Directors.
- (vii) Provide for appropriate mix of promoter directors, professional directors and independent directors.

On the recommendation of the NRC, the Board has adopted and framed a Remuneration Policy for the Directors, Key Managerial Personnel and other employees pursuant to the provisions of the Companies Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

The Company's policy on diversity of Board of Directors is available on the Company's website at [http://www.bgrcorp.com/policy/Policy\\_Diversity\\_Board.pdf](http://www.bgrcorp.com/policy/Policy_Diversity_Board.pdf).

## **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. All key recommendations and observations of the Audit were accepted and acted upon by the management and compliance thereof are regularly monitored and reviewed by the Committee.

## **BUSINESS RESPONSIBILITY REPORT**

The Business Responsibility Report for the year ended March 31, 2020 as stipulated under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed hereto and which forms part of this Report.

## **SHARE CAPITAL**

The paid-up equity share capital of the Company as on March 31, 2020 was Rs.72.16 Crores. During the year under review, the Company has not issued new shares or shares with differential voting rights nor granted stock options nor sweat equity.

## **TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND**

In compliance with Section 124(5) of the Companies Act, 2013 a sum of Rs.12,40,755/- being the unclaimed dividend declared by the Company for the financial year ended March 31, 2012 was transferred to the Investor Education and Protection Fund of the Central Government in October 2019 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, 2013 at the Annual General Meeting held on September 25, 2013 will be transferred to the Investor Education and Protection Fund of the Central Government in November 2020 pursuant to the provisions of Section 124(5) of the Companies Act, 2013. Thereafter no claim shall lie on these dividends from the shareholders.

Pursuant to the provisions of Section 124(6) of the Companies Act, 2013 and the Rules made thereunder the shares pertaining to the unclaimed dividend for the FY 2011-12 were transferred to the demat account of Investor Education and Protection Fund (IEPF).

## **HUMAN RESOURCES**

An overview on the Company's human resources development and efforts to acquire and nurture talent is given in the Management Discussion & Analysis report (Annexure VII) forming part of this Board's report.

For prevention, prohibition and redressal of sexual harassment of Women at workplace the Company has in place an Anti-Sexual Harassment Policy in line with



the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year under review, no complaint was received by the Internal Complaints Committee (ICC) with allegations of sexual harassment.

### **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.

### **DEPOSITS**

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

### **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 I. During the FY 2019-20, the Foreign exchange earnings and outgo were Rs.106.30 Crores and Rs.5.44 Crores respectively.

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

Your Company has in place adequate internal controls system which includes financial control, commensurate with the size, scale and complexity of company's operations. The internal audit function evaluates 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 and remedial action

in their respective areas of responsibility and thereby strengthen the controls. Significant audit observations and corrective actions thereon are periodically reviewed by the Audit Committee. During the year no reportable material weakness or significant deficiencies in the design or operation of internal financial controls. The Audit Committee based on the advise of the internal auditors directed the Company to improve the internal financial controls in few areas to ensure that the internal financial controls are operating more effectively.

### **CORPORATE SOCIAL RESPONSIBILITY**

The Company has Corporate Social Responsibility Committee constituted by the Board of Directors with Mrs.Sasikala Raghupathy as Chairperson and Mrs.Swarnamugi R Karthik and Mr.Gnana Rajasekaran as members of the Committee. The CSR Policy formulated and recommended by the Committee is in place. The Policy is in line with Schedule VII of the Companies Act, 2013 and the Company is focusing on CSR activities pertaining to education, health, skill development and destitute women care and welfare. The information of CSR Policy and activities are given in the Corporate Governance Report. The Annual Report on CSR activities is annexed herewith as Annexure II.

### **REMUNERATION POLICY**

The Remuneration Policy formulated under section 178 of the Companies Act 2013 by the Nomination and Remuneration Committee is given in Annexure III.

### **VIGIL MECHANISM/WHISTLE BLOWER POLICY**

Your Company has established a vigil mechanism for directors and employees to report genuine concerns as required by Section 177 of the Companies Act 2013 read with 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 disclosed in the note No.36 to the Financial Statements.

### **RELATED PARTY TRANSACTIONS**

The transactions with related parties entered into during the financial year, which were in the ordinary course of business and on an arm's length basis were placed before the Audit Committee and approved. The transactions with related parties, which were not in ordinary course

of business or on arm's length were placed before the Board for approval based on the recommendation of the Audit Committee. All related party transactions were made in compliance with Section 188 read with Section 177 of the Companies Act 2013 and SEBI (LODR). There were no other 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. 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**

During the Financial year 2019-20 orders were passed by the High Court of Madras and awards by two arbitral tribunals against the Company to the extent of Rs.38.07 crores and there are no other significant and material orders passed by the regulators or courts or tribunals impacting the going concern status of the Company.

### **RISK MANAGEMENT POLICY**

The Company as part of Standard Operating System and Procedure institutionalized risk management covering risk identification, mitigation and management measures. The 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 business activities and processes and this is reviewed to ensure that executive management manages risk through means of a properly defined framework. The Company is taking steps to make the risk management process more robust and institutionalized.

### **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:

- a) In the preparation of the annual accounts for the Financial year ended March 31, 2020, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any ;
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2020 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, 2020 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**

N.R.Doraiswami & Co, Chartered Accountants, Chennai (Firm Registration No: 000771S) were appointed as the Statutory Auditors of the Company at the 31st Annual General Meeting held on September 27, 2017 to hold office until the conclusion of the 36th Annual General Meeting to be held in the year 2022. N.R.Doraiswami & Co have confirmed that they are not disqualified from continuing as Auditors of the Company for the FY 2020-21.

### **COST RECORDS AND COST AUDITORS**

The Company is required to maintain cost records as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 and accordingly during the year such accounts and records were made and maintained by the Company. The Board of Directors appointed A N Raman & Associates, Cost Accountants as the Cost Auditor of the Company for the Financial year 2020-21, under Section 148 of the Companies Act, 2013. The Cost Audit Report for the financial year ended March 31, 2019 issued by A.N.Raman & Associates, Cost Accountants was submitted to the Central Government on September 05, 2019.

### **SECRETARIAL STANDARDS AND SECRETARIAL AUDIT**

The Board of Directors confirm, that your Company has complied with the applicable Secretarial Standards during the year 2019-20.

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 Mr. V.Suresh, Company Secretary in practice to undertake the secretarial audit of the Company. The Report of secretarial audit is annexed as Annexure IV. The audit report is unqualified and