

BGR Turbines Company Private Limited
Balance sheet as at 31 March 2020
(All amounts are in Indian Rupees (₹), unless otherwise stated)

Provisional &
Unaudited

	Note	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	4	504,506,849	504,563,561
Other intangible assets	4	792	1,464
Financial assets			
- Other financial assets	5	592,049,153	541,002,440
Tax assets	6	16,341,509	44,735,954
Other non-current assets	7	2,079,994	1,546,872
		1,114,978,297	1,091,850,291
Current assets			
Financial assets			
- Trade receivables	8	1,056,194,911	910,270,290
- Cash and cash equivalents	9	148,446,668	144,252,325
- Other financial assets	5	735,280,317	684,083,604
Other current assets	7	60,036	41,554
		1,939,981,932	1,738,647,773
Total		3,054,960,229	2,830,498,064
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10	1,840,044,000	1,840,044,000
Other equity	11	(601,711,050)	(543,697,009)
		1,238,332,951	1,296,346,991
Liabilities			
Non-current liabilities			
Financial liability			
- Other financial liability	12	585,953,238	535,432,073
Provisions	13	236,078	176,005
		586,189,316	535,608,078
Current liabilities			
Financial liabilities			
- Trade payables			
- Total outstanding dues of micro and small enterprises			
- Total outstanding dues of creditors other than micro and small enterprises	14	618,856,795	462,680,616
- Other financial liabilities	12	586,882,385	535,794,240
Other current liabilities	15	36,091	46,416
Provisions	13	24,662,691	21,723
		1,230,437,962	998,542,995
Total		3,054,960,229	2,830,498,064

Notes 1 to 32 form an Integral part of these financial statements

This is the balance sheet referred to in our report of even date

For **Walker Chandio & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

For and on behalf of the Board of Directors of
BGR Turbines Company Private Limited

Sumesh E S
Partner
Membership No: 206931

R Ramesh Kumar
Chairman
DIN: 00176265

Priyadershini Raghupathy
Chairman
DIN: 03289747

Tsuyoshi Takano
Director
DIN: 03560951

Place: Chennai
Date:

Arjun Govind Raghupathy
Director
DIN: 02700864

Place: Chennai
Date:

BGR Turbines Company Private Limited
Statement of Profit and Loss for the period ended 31 March 2020
(All amounts are in Indian Rupees (₹), unless otherwise stated)

		Provisional & Unaudited	
	Notes	Year ended 31 March 2020	Year ended 31 March 2019
Revenue from operations	16	102,024,613	98,227,896
Other income	17	8,881,785	8,963,544
Total income		110,906,398	107,191,440
Expenses			
Purchase of stock in trade	18	102,415,667	96,852,303
Employee benefits expense	19	4,383,061	4,246,651
Depreciation and amortisation expense	20	57,384	87,540
Other expenses	21	2,360,547	3,087,864
Total expenses		109,216,659	104,274,358
Profit before tax		1,689,740	2,917,082
Tax expense			
- Current tax (MAT)	22	263,599	290,541
- Tax for earlier periods		59,438,565	-
		59,702,164	290,541
(Loss)/ Profit for the year		(58,012,425)	2,626,541
Other comprehensive Income			
i) Items that will not be reclassified to profit or loss			
- Re-measurement (loss) on defined benefit plans		(1,616)	(2,916)
Other comprehensive income for the year, net of tax		(1,616)	(2,916)
Total comprehensive income for the year		(58,014,041)	2,623,625
Earnings per equity share			
- Basic and diluted	24	(0.32)	0.01

Notes 1 to 32 form an integral part of these financial statements

This is the statement of profit and loss referred to in our report of even date

For **Walker Chandio & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

For and on behalf of the Board of Directors of
BGR Turbines Company Private Limited

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DIN: 02700864

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Date:

BGR Turbines Company Private Limited
Statement of Cash flow for the year ended 31 March 2020
(All amounts are in Indian Rupees (₹), unless otherwise stated)

Provisional &
Unaudited

	Year ended 31 March 2020	Year ended 31 March 2019
A. Cash flows from operating activities		
Profit before tax	1,689,740	2,917,082
<i>Adjustments to reconcile net income to net cash provided by operating activities</i>		
Depreciation and amortisation expense	57,384	87,540
Provision for gratuity	29,983	30,703
Provision for compensated absences	41,352	(33,665)
Interest income	(8,881,785)	(8,963,544)
Operating (loss) before working capital changes	(7,063,327)	(5,961,884)
Changes in working capital:		
(Increase) in other financial assets	(102,243,426)	(66,663,709)
(Increase) in other non-current assets	(533,122)	(1,546,872)
(Increase) in trade receivables	(145,924,621)	(46,310,100)
(Increase) in other current assets	(18,482)	(1,613)
Increase in trade payables	156,176,179	56,868,245
Increase in other financial liabilities	101,609,310	64,603,566
(Decrease) in other current liabilities	(10,325)	(294,910)
Cash from operating activities	1,992,187	692,723
Direct taxes paid, net	(6,679,629)	(3,903,592)
Net cash (used) In operating activities	(4,687,442)	(3,210,869)
B. Cash flow from investing activities		
Interest received	8,881,785	8,963,544
Net cash from investing activities	8,881,785	8,963,544
C. Net change in cash and cash equivalents	4,194,343	5,752,675
D. Cash and cash equivalents at the beginning of the year	144,252,325	138,499,650
E. Cash and cash equivalents at the end of the year	148,446,668	144,252,325
Cash and cash equivalents included in:		
Cash on hand	20,787	485
Balances with banks		
- in current accounts	1,072,932	258,233
- in deposit account (with maturity upto 3 months)	147,352,949	143,993,607
Cash and cash equivalents at the end of the year (Also, refer note 9)	148,446,668	144,252,325

Notes 1 to 32 form an Integral part of these financial statements

This is the cash flow statement referred to in our report of even date

For **Walker Chandiook & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

For and on behalf of the Board of Directors of
BGR Turbines Company Private Limited

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Director
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Place: Chennai
Date:

Arjun Govind Raghupathy
Director
DIN: 02700864

Place: Chennai
Date:

Provisional & Unaudited

S.N.S.

BGR Turbines Company Private Limited
Statements of Changes in Equity for the year ended 31 March 2020
(All amounts are in Indian Rupees (₹), unless otherwise stated)

Particulars	Equity Share Capital	Other equity attributable to owners of the cc	
		Reserves & Surplus	Accumu other comprehe
Balance as at 31 March 2018	1,840,044,000	(547,122,311)	
Profit for the year ended 31 March 2019	-	2,626,541	
Other comprehensive income for the year ended 31 March 2019	-	-	
Balance as at 31 March 2019	1,840,044,000	(544,495,770)	
Profit for the year ended 31 March 2020	-	(58,012,425)	
Other comprehensive income for the year ended 31 March 2020	-	-	
Total comprehensive income for the year	-	(58,012,425)	
Balance as at 31 March 2020	1,840,044,000	(602,508,195)	

Notes 1 to 32 form an integral part of these financial statements

This is the statement of changes in equity referred to in our report of even date

For **Walker Chandio & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

For and on behalf of the Board of Directors of
BGR Turbines Company Private Limited

Sumesh E S
Partner
Membership No: 206931

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Chairman
DIN: 00176265

Priyadershini Raghupathy
Director
DIN: 03289747

Tsuyoshi T
Director
DIN: 0356C

Place: Chennai
Date:

Arjun Govind Raghupathy
Director
DIN: 02700864

Place: Chennai
Date:

BGR Turbines Company Private Limited

Summary of significant accounting policies and other explanatory information for the period ended 31 March 2020

(All amounts are in Indian Rupees (₹), unless otherwise stated)

1 Corporate information

BGR Turbines Company Private Limited ("the Company") was incorporated on 23 January 2009. Subsequently, on 30th September 2010, upon Hitachi, Ltd (HTC) subscription to the shares of the Company, the Company became a Joint Venture. The shareholding pattern between BGR Energy Systems Limited (BGRE) and HTC is 74:26 for Designing, Manufacture, Inspection, Installation, Commission, Sale and/or Service of Steam Turbines and Generators of 660MW/800MW/1000MW Super Critical Technology. The Company was awarded contract for design, engineering, transportation to site, testing and conduct guarantee tests for the Steam Turbine Generator package ("the project") by BGRE for projects with National Thermal Power Corporation Limited (NTPC.)

- 1.1 Upon execution of Settlement and Separation Agreement (SSA), by and amongst HTC, Hitachi Power Europe GmbH, BGRE, BGR Boilers Private Limited and the Company on 30th March 2016 and with legal effect from 29 April 2016, envisaging successful completion of the existing NTPC contract for Lara (2X800 MW) of Supercritical Steam Turbine and Generators Projects (NTPC projects) by HTC and BGRE, the Company anticipates that it shall carry on its existing business of executing the NTPC contract in accordance with the terms of the relevant sub contracts. Accordingly, based on an assessment carried out by the management, the entity will be able to realise its assets and discharge its liabilities in the normal course of business, and therefore these financial statements have been prepared on a going concern basis.

2 Basis of preparation of financial statements

2.1 General Information and statement of compliance with Indian Accounting Standards (Ind AS)

The financial statements of the Company have been prepared in accordance with Ind AS per Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standard) Amendment Rules, 2016 as notified under section 133 of Companies Act, 2016 (the "Act") and other relevant provisions of the Act.

The financial statements as at and for the year ended 31 March 2020 are approved and authorized for issue by the board of directors on XX XX XXXX.

The financial statements of the Company are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis. These financial statements are presented in Indian rupees (₹) which is also the Company's functional currency. Figures for the previous years have been regrouped/rearranged wherever considered necessary to conform to the current year, classification.

2.2 Use of Estimates and judgements

The preparation of the financial statements in conformity with IndAS requires the management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19):

The Company has considered the possible effects that may result from the pandemic relating to COVID 19 on the carrying amounts of receivables. The company does not foresee any major impact of Covid 19 as the company's receivable is only from the holding company. Hence no additional provisions have been made for doubtful assets.

3 Summary of accounting policies

3.1 Overall considerations

These financial statements have been prepared using the significant accounting policies and measurement basis summarized below. These accounting policies have been used throughout all the periods presented in the financial statements.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

Current and non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act. Based on the nature of products and time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

3.2 Foreign currency translation

Functional and presentation currency

The financial statements are presented in Indian Rupees (₹), which is also the functional currency of the Company.

Foreign currency transactions and balances

A foreign currency transaction shall be recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange differences arising on actual payments/realisations and year-end restatements are recognised in the Statement of profit and loss.

Non-monetary items are not re-translated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date).

BGR Turbines Company Private Limited**Summary of significant accounting policies and other explanatory information for the period ended 31 March 2020***(All amounts are in Indian Rupees (₹), unless otherwise stated)***3.3 Revenue from contracts with customers**

To determine whether to recognise revenue from contracts with customers, the Company follows a 5-step process:

- 1 Identifying the contract with customer
- 2 Identifying the performance obligations
- 3 Determining the transaction price
- 4 Allocating the transaction price to the performance obligations
- 5 Recognising revenue when/as performance obligation(s) are satisfied

Revenue from contracts with customers for products sold and service provided is recognised when control of promised products or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes Goods and services taxes and is net of rebates and discounts. No element of financing is deemed present as the sales are made as per the payment terms agreed as per the contract, which is consistent with market practice. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

These activity-specific revenue recognition criteria are based on the goods or services provided to the customer and the contract conditions in each case, and are as described below -

I) Sale of products

Revenue from sale of products is recognised when control of the product is transferred to the customer, i.e., when the products are delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the product. The company recognizes revenue when the High Sea Sales(HSS) agreement is entered into with the customer as the control of the products are deemed to be transferred to the customer with effect from the date of High Sea Sales agreement.

II) Interest Income

Interest is recognised using the time-proportion basis taking into account the amount outstanding and the applicable interest rate.

3.4 Property, plant and equipment

Land held for use in the business is stated at cost. As no finite useful life for land can be determined, related carrying amounts are not depreciated. Cost of land also includes consideration for land development, resettlement payments, compensation for standing/plantation crops at the time of acquisition and other ancillary cost incidental thereto.

Furniture and fitting vehicles, computers and office equipments are initially recognised at acquisition cost. Cost includes taxes, duties, freight and incidental expenses related to the acquisition and installation of the asset. Other equipment are subsequently measured at cost less accumulated depreciation and any impairment losses.

Depreciation on tangible assets, excluding land has been provided on a pro-rata basis, on written down value method based on the useful life of the assets, as prescribed in Schedule II to the Companies Act, 2013.

Assets category	Estimated useful life (years)	Rate of Depreciation
Furniture and fixtures	10	25.89%
Vehicles	8	31.23%
Office equipment	5	45.07%
Computers	3	63.16%

3.5 Impairment testing of other intangible assets and property, plant and equipment

An assessment is undertaken at each Balance sheet date as to whether there is any indicator that an asset (tangible and intangible) may be impaired. If any such indication exists, an estimate of recoverable amount of such assets is made and impairment losses, if any is recognised, when the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and value in use of the assets. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of profit and loss, except in case of revalued assets.

3.6 Income taxes

Tax expense recognised in Statement of profit and loss account comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates in accordance with tax laws that have been enacted or substantively enacted for the reporting period. Deferred income taxes are calculated based on tax rates in accordance with tax laws that have been enacted or substantively enacted using the Balance Sheet approach on temporary differences between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at reporting date. Deferred taxes pertaining to items recognised in other comprehensive income are disclosed under the same. A deferred tax asset shall be recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

BGR Turbines Company Private Limited

Summary of significant accounting policies and other explanatory information for the period ended 31 March 2020

(All amounts are in Indian Rupees (₹), unless otherwise stated)

3.6 Income taxes (continued)

In computing current taxes the Company takes into consideration the benefits admissible under the provisions of the Income Tax Act, 1961. In cases wherever the tax liability computed as per above is less than the Minimum Alternate Tax, the Company is liable to pay the Minimum Alternate Tax (MAT), in accordance with Section 115JB of the Income Tax Act, 1961. MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

3.7 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.8 Financial assets and financial liabilities

Classification of financial asset, subsequent measurement and derecognition.

Financial assets of the Company primarily comprise of loans and receivable measured at amortised cost. At initial recognition these financial assets are measured at its fair value and subsequently measured at amortised cost using the effective interest method. A financial asset is derecognised only when the Company has transferred the rights to receive cash flows from the financial asset or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Classification of financial liabilities, subsequent measurement and derecognition.

Financial liabilities of the Company primarily comprise of trade payable, retention payable and other payables measured at amortised cost. At initial recognition these financial liabilities are measured at its fair value and subsequently measured at amortised cost using the effective interest method. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

3.9 Retirement and other employee benefits

(A) Defined Contribution Plan

Contribution to Provident Fund is in the nature of defined contribution plan and are made to a recognised fund.

The Company has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that related employee services are received.

Provident fund

The Company's contribution to provident fund is considered as a defined contribution plan and is charged as an expense as it falls due based on the amount of contribution required to be made in accordance with relevant rules. The Company has no further obligation other than its monthly contributions, to the fund.

(B) Defined benefit Plan

Under the Company's defined benefit plans, the amount of benefit that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The legal obligation for any benefits remains with the Company and the same is unfunded.

Gratuity

The liability recognised in the balance sheet for defined benefit plans is the present value of the defined benefit obligation (DBO) at the reporting date. The defined benefit obligation is determined at the Balance sheet date by an independent actuary using the projected unit credit method. Actuarial gains and losses resulting from measurements of the net defined benefit liability are included in other comprehensive income.

3.10 Provisions, contingent assets and contingent liabilities:

Provisions for warranties, legal disputes, or other claims are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company is virtually certain to collect from the other party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision, if any;

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities where the outflow of resources is remote.

The Company does not recognize any assets of contingent nature unless the realization of the income is virtually certain, however these are assessed continually to ensure that the developments are appropriately disclosed in the financial statements.

BGR Turbines Company Private Limited

Summary of significant accounting policies and other explanatory information for the period ended 31 March 2020

(All amounts are in Indian Rupees (₹), unless otherwise stated)

3.11 Earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares), if any. For the purpose of calculating diluted earnings per share, the net profit for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

3.12 Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future receipts or payments. In the cash flow statement, cash and cash equivalents includes cash in hand, cheques on hand, balances with banks in current accounts and other short- term highly liquid investments with original maturities of 90 days or less, as applicable.

3.13 Segment reporting

An operating segment is a component of the business activities from which it may earn revenues and incur expenses, for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segments and assess their performance.

The Company is engaged in the business of "Supply of Turbines parts and its related components". The CODM reviews and makes decision of the project as a whole to assess the performance.

3.14 Transfer pricing

As per the Transfer Pricing Rules, the Company is required to use certain specified methods in computing arm's length price of international transactions between the associated enterprises and maintain prescribed information and documents relating to such transactions. The appropriate method to be adopted will depend on the nature of transactions/ class of transactions, class of associated persons, functions performed and other factors, as prescribed. The transfer pricing study for the fiscal year ended 31 March 2020 is yet to be completed. However, based on the self-assessment of the operations by the Management during the year and review carried out by an independent accountant in the previous years, the Management does not expect any material impact of the aforesaid study on the Company's financial statements for the year ended 31 March 2020.

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Provisional & Unaudited
S. No.

BGR Turbines Company Private Limited
Summary of significant accounting policies and other explanatory information for the period ended 31 March 2020
(All amounts are in Indian Rupees (₹), unless otherwise stated)

4 Property, plant and equipment

Particulars	Tangible assets				
	Free hold land	Furniture and fixtures	Vehicles	Office equipment	Computers
Gross block					
As at 31st March 2019 and 31st March 2020	504,396,572	852,233	-	3,097	8,867
Accumulated depreciation/ amortisation					
As at 01 April 2018	-	601,731	-	318	8,867
Depreciation/amortisation for the year	-	85,284	-	1,008	-
As at 01 April 2019	-	687,015	-	1,326	8,867
Depreciation/amortisation for the year	-	56,400	-	312	-
As at 31st March 2020	-	743,415	-	1,638	8,867
Net block					
As at 31 March 2019	504,396,572	165,218	-	1,771	-
As at 31st March 2020	504,396,572	108,818	-	1,459	-

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BGR Turbines Company Private Limited

Summary of significant accounting policies and other explanatory information for the period ended 31 March 2020

(All amounts are in Indian Rupees (₹), unless otherwise stated)

	Provisional & Unaudited	
	As at 31 March 2020	As at 31 March 2019
5 Other financial assets		
Non-Current		
<i>Unsecured, considered good unless otherwise stated</i>		
Customer retention (Also, refer note 23(c))	592,049,153	541,002,440
	<u>592,049,153</u>	<u>541,002,440</u>
Current		
<i>Unsecured, considered good unless otherwise stated</i>		
Customer retention (Also, refer note 23(c))	592,049,153	541,002,440
Other receivable* (Also, refer note 23(c))	143,081,164	143,081,164
Security deposit with NSDL	150,000	-
	<u>735,280,317</u>	<u>684,083,604</u>
	<u>1,327,329,470</u>	<u>1,225,086,044</u>
*Pursuant to settlement agreement entered into by the Company with vendors, the Company had written off certain capital advances during the year ended 30 June 2019 which had been paid by the Company during the previous years. Pursuant to the SSA, as referred in note 1.1, the Company has a contractual right to recover such amounts from BGR Energy Systems Limited. Hence the Company has recognized a receivable for advances written off during the year.		
6 Tax assets		
Tax assets	16,341,509	44,735,954
	<u>16,341,509</u>	<u>44,735,954</u>
7 Other assets		
Non-Current		
<i>Unsecured, considered doubtful</i>		
Balances with government authorities	6,932,264	6,399,142
Less: Provision for impairment of doubtful assets	(4,852,270)	(4,852,270)
	<u>2,079,994</u>	<u>1,546,872</u>
Current		
<i>Secured, considered good</i>		
Advance to employees	20,000	-
<i>Unsecured, considered good</i>		
Prepaid expenses	40,036	41,554
	<u>60,036</u>	<u>41,554</u>
	<u>2,140,030</u>	<u>1,588,426</u>
Total other assets		
8 Trade receivables		
<i>Unsecured, considered good, from related parties</i>		
Receivable from related party (Also, refer note 23(c))	1,056,194,911	910,270,290
	<u>1,056,194,911</u>	<u>910,270,290</u>
9 Cash and cash equivalents		
Cash on hand	20,787	485
Balances with banks		
- In current accounts	1,072,932	258,233
- In deposits with original maturity of less than three months	147,352,949	143,993,607
	<u>148,446,668</u>	<u>144,252,325</u>

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BGR Turbines Company Private Limited

Summary of significant accounting policies and other explanatory information for the period ended 31 March 2020
(All amounts are in Indian Rupees (₹), unless otherwise stated)

Provisional &
Unaudited

	As at		As at	
	31 March 2020		31 March 2019	
	Number	Amount	Number	Amount
10 Equity				
Share Capital				
Authorised				
Equity shares of Rs. 10 each	500,000,000	5,000,000,000	500,000,000	5,000,000,000
Issued, subscribed and paid up				
Equity shares of Rs. 10 each fully paid up	184,004,400	1,840,044,000	184,004,400	1,840,044,000
	184,004,400	1,840,044,000	184,004,400	1,840,044,000

a) Reconciliation of total number of shares outstanding

There has been no fresh issue of equity shares during any of the periods stipulated above.

b) Shareholders holding more than 5% of the aggregate shares in the Company

	Number of Shares	% holding	Number of Shares	% holding
Equity Shares of Rs. 10 each	136,162,900	74%	136,162,900	74%
BGR Energy Systems Limited	47,841,500	26%	47,841,500	26%
Hitachi Limited, Japan				
	184,004,400	100%	184,004,400	100%

c) Shares held by the holding company

	Number of Shares	Amount	Number of Shares	Amount
Holding company				
BGR Energy Systems Limited	136,162,900	1,361,629,000	136,162,900	1,361,629,000

d) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of an equity share is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting except for interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. The equity shares shall be transferable subject to the provisions contained in the Articles of Association and in the agreements entered / to be entered into with the investors / shareholders from time to time.

e) Bonus issue and Buy Back of shares

There were no bonus issue made by the company and buy back of shares during the last 5 years immediately preceding 31 March 2020

f) Capital Management

The key objective of the Company's capital management is to ensure that it maintains a stable capital structure with the focus on total equity to uphold investor, creditor, and customer confidence and to ensure future development of its business. The Company focused on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required without impacting the risk profile of the Company.

There are no borrowings in the Company as at 31 March 2020 and 31 March 2019.

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BGR Turbines Company Private Limited
Summary of significant accounting policies and other explanatory Information for the period ended 31 March 2020
(All amounts are in Indian Rupees (₹), unless otherwise stated)

Provisional &
Unaudited

	As at 31 March 2020	As at 31 March 2019
11 Other Equity		
(Deficit) in the Statement of profit and loss		
Balance at the beginning of the year	(544,495,770)	(547,122,311)
Add: (Loss)/ profit for the year	(58,012,425)	2,626,541
Balance at the end of the year	<u>(602,508,195)</u>	<u>(544,495,770)</u>
Accumulated other comprehensive income		
Balance at the beginning of the year	798,761	801,677
Add : Transfer from other comprehensive income	(1,616)	(2,916)
Balance at the end of the year	<u>797,145</u>	<u>798,761</u>
Total other equity	<u>(601,711,050)</u>	<u>(543,697,009)</u>
12 Other financial liabilities		
Non current		
Retention payable (Also, refer note 23(c))	585,953,238	535,432,073
	<u>585,953,238</u>	<u>535,432,073</u>
Current		
Retention payable (Also, refer note 23(c))	585,953,238	535,432,073
Other payable	929,147	362,167
	<u>586,882,385</u>	<u>535,794,240</u>
Total financial liabilities	<u>1,172,835,623</u>	<u>1,071,226,313</u>
13 Provisions		
Non current		
Provision for employee benefits		
Gratuity (Also, refer note 13.1 below)	174,142	145,402
Compensated absences (Also, refer note 13.2 below)	61,936	30,603
	<u>236,078</u>	<u>176,005</u>
Current		
Provision for employee benefits		
Gratuity (Also, refer note 13.1 below)	24,582	21,723
Compensated absences (Also, refer note 13.2 below)	10,019	-
Provision for tax	24,628,090	-
	<u>24,662,691</u>	<u>21,723</u>
Total provisions	<u>24,898,769</u>	<u>197,728</u>
13.1 Gratuity		
In accordance with the Payments of Gratuity Act, 1972, the Company provides for gratuity, a defined benefit plan ("the Gratuity Plan") covering eligible employees. The Gratuity Plan provides for a lump sum payment to vested employees on retirement, termination of employment (subject to completion of five years of continuous employment) death or incapacitation or equivalent to fifteen days of salary last drawn for each completed year of service. The plan is unfunded.		
a) Change In present value of defined benefit obligation		
Obligation at the beginning of the year	167,125	133,506
Interest cost	10,848	9,813
Current service cost	19,136	20,890
Benefits paid	-	-
Actuarial (gain)	1,615	2,916
Obligation at the end of the year	<u>198,724</u>	<u>167,125</u>
Classified as (Refer note 13)		
Non-current	174,142	145,402
Current	24,582	21,723
b) Components of net gratuity costs are		
Current service cost	19,136	20,890
Interest cost	10,848	9,813
Expense recognised in the statement of profit and loss	<u>29,984</u>	<u>30,703</u>
c) Principal actuarial assumptions used		
Discount rate	6.49%	7.35%
Long-term rate of compensation increase	6.00%	6.00%
Attrition rate	12.00%	12.00%
d) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.		
e) The significant actuarial assumptions for the determination of the defined benefit obligation are the attrition rate, discount rate and the long-term rate of compensation increase. The calculation of the net defined benefit liability is sensitive to these assumptions. The following table summarises the effects of changes in these actuarial assumptions on the defined benefit liability at 31 March 2020.		

13.1 Gratuity (Continued)

f) Gratuity plan:

	Sensitivity level	Impact on defined benefit obligations	
		As at 31 March 2020	As at 31 March 2019
Discount rate			
-Increase	1%	(11,526)	(9,648)
-Decrease	-1%	12,692	10,660
Salary growth			
-Increase	1%	11,737	9,880
-Decrease	-1%	(10,828)	(9,075)
Attrition Rate			
-Increase	1%	(96)	405
-Decrease	-1%	124	(415)

13.2 Compensated absences

The Company allows encashment of compensated absences of maximum of 54 days of accumulated leave balance at the time of separation. The Company does not maintain any plan assets to fund its obligation with respect to compensated absences.

Principal actuarial assumptions used :

Discount rate	6.49%	7.35%
Long-term rate of compensation increase	6.00%	6.00%
Attrition rate	12.00%	12.00%

14 Trade payables

-Total outstanding dues of micro and small enterprises (Also, refer note (a) below)

-Total outstanding dues of creditors other than micro and small enterprises

-Dues to related parties (Also, refer note 23(c))

	618,856,795	462,680,616
	<u>618,856,795</u>	<u>462,680,616</u>

(a) There are no amounts due to the suppliers registered under the Micro, Small and Medium Enterprises Development Act, 2006. This information has been determined to the extent such parties have been identified by the management on the basis of the information available with the Company.

15 Other liabilities

Current

Statutory dues payable

	36,091	46,416
	<u>36,091</u>	<u>46,416</u>

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BGR Turbines Company Private Limited

Summary of significant accounting policies and other explanatory information for the period ended 31 March 2020
(All amounts are in Indian Rupees (₹), unless otherwise stated)

	Provisional & Unaudited	
	Year ended 31 March 2020	Year ended 31 March 2019
16 Revenue from operations		
Sale of Turbines related components (Also, refer note 23(b))	102,024,613	98,227,896
	<u>102,024,613</u>	<u>98,227,896</u>
17 Other income		
Interest income on deposits with banks	8,881,785	8,963,544
	<u>8,881,785</u>	<u>8,963,544</u>
18 Purchase of stock in trade		
Purchases of Turbines related components (Also, refer note 23(b))	102,415,667	96,852,303
	<u>102,415,667</u>	<u>96,852,303</u>
19 Employee benefits expense		
Salaries and wages	4,288,650	4,153,439
Gratuity expense (Also, refer note 13)	29,983	30,703
Contribution to provident and other funds	64,428	62,509
	<u>4,383,061</u>	<u>4,246,651</u>
20 Depreciation and amortization expense		
Depreciation of tangible assets (Also, refer note 4)	56,712	86,292
Amortization of intangible assets (Also, refer note 4)	672	1,248
	<u>57,384</u>	<u>87,540</u>
21 Other expenses		
Legal and professional charges	1,014,430	1,277,250
Payment to auditors (Also, refer note 25)	942,876	975,147
Bank Charges	1,827	216,915
Rates and taxes	188,674	68,086
Business promotion expenses	2,066	38,352
Printing and stationery	5,555	5,490
Insurance	7,156	5,724
Traveling and conveyance expenses	2,438	3,602
Communication expenses	8,897	2,910
Miscellaneous expenses	186,628	494,388
	<u>2,360,547</u>	<u>3,087,864</u>
22 Tax Reconciliation		
The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 33.06% and the reported tax expense in profit or loss are as under		
Profit before tax	1,689,740	2,917,082
Accounting profit before income tax		
At India's statutory income tax rate of 26% (31 March 2019: 26%)	439,332	758,441
Difference in tax rates due to MAT at 15.6% (31 March 2019: 19.24%)	(175,733)	(197,195)
Savings in taxation on account of unabsorbed depreciation	-	(270,705)
	<u>263,599</u>	<u>290,541</u>
Tax expense comprises of:		
Current income tax:		
Current income tax charge	263,599	290,541
Income tax expense	<u>263,599</u>	<u>290,541</u>

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23 Related party disclosures

As per the Ind AS 24 "Related Party Disclosures" as referred to in Accounting Standard Rules, the disclosure of transactions with the related parties as defined therein are given below. All transactions entered into by the Company with related parties, were in ordinary course of business and on arm's length basis.

(a) List of related parties and nature of relationship

Nature of Relationship	Name of party
i) Controlling party Holding company	BGR Energy Systems Limited
ii) Other related parties with whom transaction have taken place during the year Enterprise having significant influence	Hitachi, Ltd

(b) Transactions during the year

Name of related party	As at 31 March 2020	Year ended 31 March 2019
BGR Energy Systems Limited		
Sale of products	102,024,613	98,227,896
Forex Difference transferred	49,421,490	31,998,243
Reimbursement of expenses	3,263,043	2,632,476
Hitachi, Ltd		
Purchase of stock in trade	102,415,667	96,852,303

(c) Balances with related parties

Name of the related party	As at 31 March 2020	As at 31 March 2019
BGR Energy Systems Limited		
Trade receivable	1,056,194,911	910,270,290
Customer retention	1,184,098,306	1,082,004,880
Other receivable	143,081,164	143,081,164
Hitachi, Ltd		
Trade payables	618,856,795	462,680,616
Retention payable	1,171,906,476	1,070,864,146
Other payable	985	985

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BGR Turbines Company Private Limited

Summary of significant accounting policies and other explanatory information for the period ended 31 March 2020
(All amounts are in Indian Rupees (₹), unless otherwise stated)

Provisional &
Unaudited

	As At 31 March 2020	As At 31 March 2019
24 Earnings per equity share		
Nominal value of equity shares	10	10
Profit attributable to equity shareholders (A)	(58,014,041)	2,626,541
Weighted average number of equity shares outstanding during the year (B)	184,004,400	184,004,400
Basic and diluted earnings per equity share (A/B) (in ₹)	(0.32)	0.01
25 Payment to auditors(excluding tax)		
As auditor		
Fees for statutory audit	850,000	850,000
Fees for tax audit	50,000	50,000
Reimbursement of expenses	42,876	75,147
	942,876	975,147

26 Unhedged foreign currency exposures

By virtue of the agreement with BGR Energy Systems Ltd, the Company does not have any exposure on account of transactions in foreign currency as the gain/losses arising during the course of transactions in relation to the activities mentioned in note 1 to these financial statements, will be made good by BGR Energy Systems Limited.

27 Contingent liabilities and commitment

a) Description of the contingent liability

	As at 31 March 2020	As at 31 March 2019
Estimated amount of contract remaining to be settled not provided for (net of advances paid)	591,211,353	549,905,535
Warehousing charges not acknowledged as debt by the company	49,485,150	46,027,800
Income tax for Assessment Year 2011-12 where the company has appealed and paid under protest*	-	10,029,410
Income tax for the following Assessment Years where the company has appealed*		
AY 2012-13	-	18,594,100
AY 2014-15	-	3,607,955
AY 2015-16	-	35,342,777
AY 2016-17	-	29,076,468
	640,696,503	692,584,045

The management has decided on adoption of the Vivaad Se Vishwas Scheme and remit the disputed tax amount to the government. Hence the position of tax liability is not contingent and has become certain in the year 2019-20.

b) Commitment

Future commitments on Technical Service Agreement entered into with Hitachi Limited, Japan (under negotiation).

279,400,025 255,310,023

*i) It is not practicable for the Company to estimate the timings of cash outflows, if any in respect of the above, pending resolution of the respective proceedings.

28 As per the prevailing Transfer pricing regulations, the Company is required to use certain specific methods in computing arm's length price of international transactions between the associated enterprises and maintain prescribed information and documents relating to such transactions. The appropriate method to be adopted will depend on the nature of transactions/class of transactions, class of associated persons, functions performed and other factors as prescribed. The Transfer pricing study for the fiscal year ending 31 March 2020 is in progress and accordingly, the contracts may be amended subsequently and related adjustment, if any, will be quantified upon completion of this study. However, based on the self assessment by the management and review by an independent accountant carried out in previous year, the management does not expect any material impact on the Company's financial statements.

29 Provision for Warranty

The Company has a back to back arrangement with the suppliers to cover its product warranty liability and hence no provision for warranty is considered necessary by the management.

30 Segment Reporting

The Company operates in a single operating segment, viz. "Trading of Steam Turbine and Generator" in only one geographic segment i.e. as per "Indian Accounting Standard 108" Operating Segments. Since the Company's entire business is "Trading of Steam Turbine and Generator" connection with ongoing project and the Chief operating decision maker review the financial statement as one segment for making operating and financial decision accordingly, there are no other primary segment. Thus, the segment revenue, segment results, total carrying value of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of depreciation and amortisation during the year are all as reflected in the financial statement as at and for the year ended 31 March 2020.

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31 Financial instruments

The carrying value and fair value of financial instruments by categories are as follows:

	As at 31 March 2020	As at 31 March 2019
Financial assets at amortized cost		
Trade receivables	1,056,194,911	910,270,290
Cash and cash equivalents	148,446,668	144,252,325
Other financial assets	1,327,329,470	1,225,086,044
Total	2,531,971,049	2,279,608,659
Financial liabilities at amortized cost		
Trade payables	618,856,795	462,680,616
Other financial liabilities	1,172,835,623	1,071,226,313
Total	1,791,692,418	1,533,906,929

32 Nature and extent of risks arising from financial instruments and respective financial risk management objectives and policies

The Company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

a) Market risk

The Company is exposed to market risk specifically through currency risk and certain other price risks, which result from its operations.

b) Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example trade receivables, deposits, etc. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at 31 March, as summarised below:

	As at 31 March 2020	As at 31 March 2019
Classes of financial asset		
Customer retention	1,184,098,306	1,082,004,880
Trade receivables	1,056,194,911	910,270,290
Other receivables	143,081,164	143,081,164
Cash and bank balances	148,446,668	144,252,325
	2,531,821,049	2,279,608,659

In respect of trade receivables and retentions, the Company is not exposed to any significant credit risk exposure since the entire trade receivable is from holding Company. Based on historical information about default rates, management consider the credit quality of such receivables that are not past due or impaired, to be good.

The credit risk for cash and cash equivalents and fixed deposits are considered negligible, since the counterparties are reputable public sector banks with high quality external credit ratings.

c) Liquidity risk

Liquidity risk is that the Company might be unable to meet its obligations. The Company manages its liquidity needs by monitoring cash inflows and outflows due on a day-to-day basis. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on a monthly, quarterly, and yearly basis depending on the business needs.

The Company considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Company's existing cash resources and trade receivables significantly exceed the current cash outflow requirements. Cash flows from trade receivables are all contractually due within six months except for retention and long term trade receivables which are governed by the relevant contract conditions.

32 Nature and extent of risks arising from financial instruments and respective financial risk management objectives and policies (continued)**c) Liquidity risk (Continued)**

As at 31 March 2020, the Company's non-derivative financial liabilities have contractual maturities as summarised below:

Year ended 31 March 2020	On demand	Greater than 1 year
Trade payables	618,856,795	
Retention payable	585,953,238	585,953,238
Other financial liabilities	929,147	
	1,205,739,180	585,953,238
Year ended 31 March 2019	On demand	Greater than 1 year
Trade payables	462,680,616	
Retention payable	535,432,073	535,432,073
Other financial liabilities	362,167	
	998,474,856	535,432,073

Notes 1 to 32 form an integral part of these financial statements

In terms of our report attached

For **Walker Chandiook & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

For and on behalf of the Board of Directors of
BGR Turbines Company Private Limited

Sumesh E S
Partner
Membership No: 206931

R Ramesh Kumar
Chairman
DIN: 00176265

Priyadershini Raghupathy
Chairman
DIN: 03289747

Tsuyoshi Takano
Director
DIN: 03560951

Place: Chennai
Date:

Arjun Govind Raghupathy
Director
DIN: 02700864

Place: Chennai
Date: