

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

	Note	Provisional & Unaudited As at 31 March 2020	Provisional & Unaudited As at 31 March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	4	587,786,319	588,221,159
Other intangible assets	4	126,147	240,599
Financial assets			
- Other financial assets	5	716,249,975	669,314,940
Tax assets	6	74,891,669	89,831,983
Other non-current assets	7		-
		1,379,054,110	1,347,608,681
Current assets			
Inventories	8		-
Financial assets			
- Trade receivables	9	474,566,867	426,651,240
- Cash and cash equivalents	10	44,635,533	43,619,044
- Other financial assets	5	4,248,259	6,476,494
Other current assets	7	2,190,840,561	2,217,861,302
		2,714,291,221	2,694,608,080
Total assets		4,093,345,330	4,042,216,761
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	1,355,840,000	1,355,840,000
Other equity			
- Reserves and surplus	12	(2,816,002,191)	(2,642,700,338)
- Accumulated other comprehensive income			-
		(1,460,162,191)	(1,286,860,338)
Non-current liabilities			
Other non current liabilities	14	427,884,406	421,900,000
Provisions	13	12,810,943	12,590,330
		440,695,349	434,490,330
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	15	2,785,813,454	2,922,285,798
Other financial liabilities	16	10,816,532	1,241,433
Other current liabilities	14	2,316,182,186	1,971,059,539
Provisions	13		-
		5,112,812,172	4,894,586,769
Total liabilities		4,093,345,330	4,042,216,761
Total equity and liabilities		4,093,345,330	4,042,216,761

Notes 1 to 35 form an integral part of these financial statements

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

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

For and on behalf of the Board of Directors of
BGR Boilers Private Limited

per **Sumesh E S**
Partner
Place: Chennai
Date: XX April 2018

A. Swaminathan
Director
DIN: 00673790

V. R. Mahadevan
Chairman
DIN: 00174667

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

	Note	Provisional & Unaudited Year ended 31 March 2020	Provisional & Unaudited Year ended 31 March 2019
Revenue from operations	17	493,198,051	1,240,246,478
Other income	18	3,350,067	2,113,070
Total income		496,548,118	1,242,359,548
Expenses			
Purchase of stock in trade	19	493,191,454	1,236,019,133
Finance Costs	20	25,000,000	-
Employee benefits expense	21	91,336,694	106,060,105
Depreciation and amortisation expense	22	549,292	801,334
Other expenses	23	44,650,237	53,435,593
Total expenses		654,727,677	1,396,316,164
Profit/(Loss) before tax		(158,179,559)	(153,956,616)
Tax expenses			
Current tax		-	-
Tax for earlier periods		15,122,294	-
		15,122,294	-
Profit/(Loss) for the year		(173,301,853)	(153,956,616)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
- Re-measurement gains/(losses) on defined benefit plans		-	-
- Income tax relating to items that will not be reclassified to profit or loss		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		(173,301,853)	(153,956,616)
Earnings per equity share			
- Basic and diluted	26	(0.13)	(1.14)

Notes 1 to 35 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 Boilers Private Limited

per Sumesh E S
Partner
Place: Chennai
Date: XX April 2018

A. Swaminathan
Director
DIN: 00673790

V. R. Mahadevan
Chairman
DIN: 00174667

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

A. S.
 Provisional &
 Unaudited
 Year ended
 31 March 2020

Provisional &
 Unaudited
 Year ended
 31 March 2019

A. Cash flows from operating activities	Provisional & Unaudited Year ended 31 March 2020	Provisional & Unaudited Year ended 31 March 2019
Profit/(Loss) before tax	(173,301,853)	(153,956,616)
<i>Adjustments to reconcile net income to net cash provided by operating activities</i>		
Depreciation and amortisation expense	549,292	801,334
Provision for gratuity	108,403	1,367,263
Provision for compensated absences	112,210	677,665
Provision for doubtful advances	-	-
Interest Income on deposits with banks	(2,329,292)	(1,981,117)
Net (gain)/ loss on foreign currency transactions and translations	22,450,727	26,635,426
Ind AS Adjustment	-	(1,258,901,299)
Operating profit/(loss) before working capital changes	(152,410,513)	(1,385,357,344)
Changes in working capital:		
Decrease in inventories	-	-
(Increase)/Decrease in other non current financial assets	(46,935,035)	1,775,401,256
Decrease in other non-current asset	-	-
(Increase) in trade receivable	(70,366,354)	167,041,989
(Increase)/Decrease in other financial asset	2,228,235	(3,507,667)
(Increase)/Decrease in other current asset	27,020,741	(1,333,250)
Increase in non-current liability	5,984,406	421,900,000
Increase in other current financial liability	9,575,099	(3,788,254)
(Decrease) in trade payable	(136,472,343)	(387,437,188)
Increase /(Decrease) in other current liability	345,122,647	(652,316,385)
Cash generated/(used in) in operating activities	(16,253,117)	(69,396,844)
Direct taxes paid (net of refunds)	14,940,314	(1,203,054)
Net cash used in operating activities (A)	(1,312,803)	(70,599,898)
B. Cash flows from investing activities		
Purchase of Property, Plant & Equipment	-	(695,686)
Interest received	2,329,292	1,981,117
Net cash generated from investing activities (B)	2,329,292	1,285,431
C. Net change in cash and cash equivalents(A+B)	1,016,489	(69,314,467)
Cash and cash equivalents at the beginning of the year	43,619,044	112,933,511
Cash and cash equivalents at the end of the year	44,635,533	43,619,044
D. Cash and cash equivalents comprises of (Refer note 10)		
Cash on hand	31,851	43,205
Balances with banks		
- in current accounts	(11,068,207)	9,992,766
- in deposit account (with maturity upto 3 months)	55,671,889	33,583,073
Cash and cash equivalents at the end of the year	44,635,533	43,619,044

Notes 1 to 35 form an integral part of these financial statements

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

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

per **Sumesh E S**
 Partner
 Place: Chennai
 Date: XX April 2018

For and on behalf of the Board of Directors of
BGR Boilers Private Limited

A. Swaminathan
 Director
 DIN: 00673790

V. R. Mahadevan
 Chairman
 DIN: 00174667

1 Corporate information

BGR Boilers Private Limited (the "Company") was incorporated on 23 January 2009 as a Joint Venture company between BGR Energy Systems Limited and Hitachi Power Europe GmbH, Germany with a shareholding pattern of 70:30 for Designing, Manufacture, Inspection, Installation, Commissioning, Sale and/or Service of Boilers of 660MW/800MW/1000MW Super Critical Technology. The Company was awarded contracts for design, engineering, manufacture, supply, transportation to site, testing and conductance of guarantee tests for the Super Critical Boilers ("the projects"). The Company is currently engaged in supplying the boiler parts and components with National Thermal Power Corporation Limited (NTPC.)

- 1.1 Since the SSA envisages successful completion of the existing NTPC Projects by HTC and BGR, the Company anticipates that it shall carry on its existing business of executing the NTPC Contracts in accordance with the terms of the relevant sub contracts executed in this regard. 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 General information and statement of compliance with Ind AS

These 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 Company has adopted all the Indian Accounting standards and the adoption was carried out in accordance with Ind AS 101: First time adoption of Indian Accounting Standards. The transition was carried out from accounting principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

The financial statements as at and for the year ended 31 March 2020 XXXXXXXX.

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.

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 periods presented in the financial statements, except where the Company has applied certain accounting policies and exemptions upon transition to Ind AS.

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.

In accordance with Ind AS 101, the Company presents three balance sheets, two Statements of profit and loss, two statements of cash flows and two statements of changes in equity and related notes, including comparative information for all statements presented, in its first Ind AS financial statements. In future periods, Ind AS 1 requires two comparative periods to be presented for the Balance Sheet only in certain circumstances.

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).

3.3 Revenue recognition

Revenue arises from the sale of goods. Revenue is measured at the fair value of consideration received or receivable by the Company for goods supplied excluding trade discounts and other applicable taxes and are recognised upon transfer of risk to the customer.

Sale of product

Revenue from sale of products is recognised when the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract and are recognised net of trade discounts and sales related taxes.

Rendering of Services

Revenue from rendering of services is recognised on completion of event specified under the customer contract.

Interest Income

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

3.4 Inventory

Work in Progress is valued at lower of cost and net realizable value. Cost is determined at average annual cost and includes appropriate proportion of personnel cost and overheads, if any.

3.5 Property, plant and equipment**Land**

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.

Other Equipment

Furniture and fitting vehicles, computers, vehicles and office equipment's 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
Electrical fittings, furniture and fixtures	10	25.89%
Vehicles	8	31.23%
Office equipment's	5	45.07%
Computer equipment's	3	63.16%

3.6 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 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.

3.7 Income taxes

Tax expense recognised in the Statement of profit or loss 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 on 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.

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.

3.8 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.

3.9 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.

3.10 Retirement and other employee benefits**(A) Defined Contribution Plan**

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.

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

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.

(ii) Leave salary - Compensated Absences

The Company also extends defined benefit plans in the form of Compensated absences to employees. Provision for Compensated absences is made on actuarial valuation basis.

3.11 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 a third 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.

3.12 Earnings per share

Basic earnings per share is calculated by dividing the net profit/(loss) 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/(loss) 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.

3.13 Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) 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.

3.14 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 boilers parts and its related components" and " Providing Supervision Services" in connection with ongoing projects. The CODM reviews and make decision project as a whole to assess the performance.

3.15 Leases (as a lessee)

Leases where the lessor effectively retains, substantially, all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of profit and loss on a straight-line basis over the lease term.

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BGR Boilers 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	Provisional & Unaudited As at 31 March 2019
5 Other financial assets		
Non Current		
<i>Unsecured, considered good unless otherwise stated</i>		
Customer retention (Refer note 25(c))	716,224,975	669,289,940
Margin money deposits (Refer note 10)	25,000	25,000
	<u>716,249,975</u>	<u>669,314,940</u>
Current		
<i>Unsecured, considered good unless otherwise stated</i>		
Security deposits	785,000	785,000
Capital advances	4,121,000	8,242,000
Advance to employees	1,937,386	44,621
Unbilled revenue (Refer note 25(c))	1,525,873	1,525,873
Other receivables (Refer note 25(c))	<u>8,369,259</u>	<u>10,597,494</u>
Less: Provision for doubtful balances	(4,121,000)	(4,121,000)
	<u>4,248,259</u>	<u>6,476,494</u>
Financial assets carried at amortised cost	<u>724,619,234</u>	<u>679,912,433</u>
6 Tax assets		
Income tax assets (net)	<u>74,891,669</u>	<u>89,831,983</u>
	<u>74,891,669</u>	<u>89,831,983</u>
7 Other assets		
Non Current		
<i>Unsecured, considered good</i>		
Advance to related parties		
Advance to vendor for supplies (Refer note 25(c))		
Other advances		
Advance to vendor for supplies		
<i>Unsecured, considered doubtful</i>		
Balances with government authorities		
Less: Provision for doubtful balances on impairment		
	-	-
Current		
<i>Unsecured, considered good</i>		
Advance to related parties		
Advance to vendor for supplies (Refer note 25(c))		
Other advances		
Advance to vendor for supplies	1,837,425,163	1,893,772,949
Balances with government authorities	352,844,219	322,828,008
Prepaid expenses	571,179	1,260,345
	<u>2,190,840,561</u>	<u>2,217,861,302</u>
	<u>2,190,840,561</u>	<u>2,217,861,302</u>
8 Inventories		
Contract work in progress		
	-	-
	-	-

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

Provisional &
 Unaudited

4 Property, plant and equipment:

Particulars	Tangible assets						Other Intangible assets Computer software
	Free hold land	Furniture and fixtures	Vehicles	Office equipment	Computers	Total	
Deemed cost as at 01 April 2018	586,960,011	3,303,374	512,824	264,117	699,641	591,739,967	4,910,488
Addition		31,990			663,696	695,686	-
As at 31 March 2019	586,960,011	3,335,364	512,824	264,117	1,363,337	592,435,653	4,910,488
Addition		-			-	-	-
As at 31 March 2020	586,960,011	3,335,364	512,824	264,117	1,363,337	592,435,653	4,910,488
Accumulated depreciation/ amortisation							
As at 31 March 2018	-	2,371,652	417,651	264,117	594,020	3,647,440	4,435,609
Depreciation/ amortisation for the year		334,141	40,780	-	192,133	567,054	234,280
As at 31 March 2019	-	2,705,793	458,431	264,117	786,153	4,214,494	4,669,889
Depreciation/ amortisation for the year		218,864	23,276	-	192,700	434,840	114,452
As at 31 March 2020	-	2,924,657	481,707	264,117	978,853	4,649,334	4,784,341
Net block							
As at 01 April 2018	586,960,011	931,722	95,173	-	105,621	588,092,527	474,879
As at 31 March 2019	586,960,011	629,571	54,393	-	577,184	588,221,159	240,599
As at 31 March 2020	586,960,011	410,707	31,117	-	384,484	587,786,319	126,147

BGR Boilers 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	Provisional & Unaudited As at 31 March 2019
9 Trade receivables *		
<i>Unsecured, considered good</i>		
Outstanding for a period exceeding six months from the date they are due for payment		
Other receivables	474,566,867	426,651,240
	<u>474,566,867</u>	<u>426,651,240</u>
* Refer note 25(c)		
10 Cash and cash equivalents		
Cash on hand	31,851	43,205
Balances with banks		
-In current accounts	(11,068,207)	9,992,766
-In deposits with original maturity of three months or less	55,671,889	33,583,073
	<u>44,635,533</u>	<u>43,619,044</u>
Other bank balances		
Margin money deposit	25,000	25,000
Less: Disclosed as non-current financial asset (Refer note 5)	(25,000)	(25,000)
	<u>44,635,533</u>	<u>43,619,044</u>

a) Disclosure on specified bank notes

The details of Specified Bank Notes (SBN) held and transacted during the period from 08 November 2016 to 30 December 2016, the denomination wise SBNs and other notes as per the notification is given below:

Particulars
Closing cash in hand as on 08 November 2016
(+) Permitted receipts
(-) Permitted payments
(-) Amount deposited in Banks
Closing cash in hand as on 30 December 2016

*For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 08 November 2016.

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BGR Boilers Private Limited

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

Provisional &
Unaudited

Provisional &
Unaudited

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

	As at 31 March 2020		As at 31 March 2019	
	No. of shares	Amount	No. of shares	Amount
11 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	135,584,000	1,355,840,000	135,584,000	1,355,840,000
	135,584,000	1,355,840,000	135,584,000	1,355,840,000

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

	No. of shares	% holding	No. of shares	% holding
BGR Energy Systems Limited	94,900,000	70%	94,900,000	70%
Hitachi Power Europe GmbH	40,684,000	30%	40,684,000	30%
	135,584,000	100%	135,584,000	100%

c) Shares held by the holding company

	No. of shares	Amount	No. of shares	No. of shares
Holding company				
BGR Energy Systems Limited			94,900,000	1

d) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of an equity share is entitled to one vote per share. Any 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) Shares issued pursuant to contract without payment being received, Bonus issue and Buy Back of shares

There were no shares issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus issues and bought back during the last five years immediately preceding 31 March 2019.

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 2019, 31 March 2018, 31 March 2017

	As at 31 Mar 2020	As at 31 March 2019
12 Other Equity		
(Deficit) in the statement of profit and loss		
Balance at the beginning of the year	(2,642,700,338)	(1,231,578,777)
- AS 115 Adjustment		(1,237,000,000)
Add: Profit/(Loss) for the year	(173,301,853)	(153,956,616)
Balance at the end of the year	(2,816,002,191)	(2,622,535,391)
Accumulated other comprehensive income		
Balance at the beginning of the year	1,736,351	1,736,351
Add : Transfer from other comprehensive income		-
Balance at the end of the year	1,736,351	1,736,351
Total other equity	(2,814,265,840)	(2,620,799,040)

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

Provisional &
Unaudited
As at
31 March 2020

Provisional &
Unaudited
As at
31 March 2019

13 Provisions**Non Current**

Provision for employee benefits

Gratuity (Refer note (13.1) below)	7,202,310	7,093,907
Compensated absences (Refer note (13.2) below)	5,608,633	5,496,423
	12,810,943	12,590,330

Current


Provision for employee benefits

Gratuity (Refer note (13.1) below)		
Compensated absences (Refer note (13.2) below)		
	12,810,943	12,590,330

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.

	31 Mar 2020	31 March 2019
a) Change in present value of defined benefit obligation		
Obligation at the beginning of the year		5,726,644
Interest cost		
Current service cost		
Benefits paid		
Actuarial loss/(gain)		
Obligation at the end of the year	-	5,726,644
Classified as (Refer note 13)		
Non-current		-
Current	-	-
b) Components of net gratuity costs are		
Current service cost		
Interest cost		
Expense recognised in the Statement of profit and loss	-	-
c) Principle actuarial assumptions used		
Discount rate		
Long-term rate of compensation increase		
Attrition rate		
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 2017.		

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


Provisional &
Unaudited
As at
31 March 2020

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Unaudited
As at
31 March 2019

f) Gratuity Plan:

Assumptions

Assumptions	Discount rate			Attrition rate
	Increase	Decrease	Increase	
31 March 2017				
> Sensitivity Level	(3.89%)	4.37%	(0.09%)	
> Impact on defined benefit obligation	(4,771,026)	5,181,356	(4,959,804)	
31 March 2016				
> Sensitivity Level	(3.94%)	4.43%	(0.31%)	
> Impact on defined benefit obligation	(3,675,069)	3,995,087	(3,813,771)	

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 doesn't maintain any plan assets to fund its obligation with respect to compensated absences.

	As at 31 Mar 2020	As at 31 March 2019
Principal actuarial assumptions used :		
Discount rate		
Long-term rate of compensation increase		
Attrition rate		

14 Other liabilities

Non Current

Customer advances from related parties (Refer note 25(c))

Current

Customer advances from related parties (Refer note 25(c))

Contract Liability

	As at 31 Mar 2020	As at 31 March 2019
Customer advances from related parties (Refer note 25(c))	-	-
Customer advances from related parties (Refer note 25(c))	2,386,876,695	1,971,059,539
Contract Liability	(70,694,509)	
	2,316,182,186	1,971,059,539
	2,316,182,186	1,971,059,539

15 Trade and other payables

-Total outstanding dues of micro and small enterprises (Refer note (a) below)

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

-Dues to related parties (Refer note 25(c))

- Dues to Others

	As at 31 Mar 2020	As at 31 March 2019
-Dues to related parties (Refer note 25(c))	2,785,813,454	2,922,285,798
- Dues to Others	2,785,813,454	2,922,285,798

(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.

16 Other financial liabilities

Current

Employee related payables

Statutory dues payable

Other payable

Other liabilities carried at amortised cost

	As at 31 Mar 2020	As at 31 March 2019
Employee related payables	8,056,541	1,231,442
Statutory dues payable	-	-
Other payable	2,759,991	9,991
Other liabilities carried at amortised cost	10,816,532	1,241,433

BGR Boilers 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 Mar 2020	Provisional & Unaudited Year ended 31 March 2019
17 Revenue from operations		
Sale of products (Refer note 25(b))	422,835,349	805,146,478
- Boilers parts and related components to related parties	70,362,702	435,100,000
- AS 115 Adjustment	-	-
- Supervision services to related parties	-	-
	493,198,051	1,240,246,478
18 Other income		
Interest income on deposits with banks	2,329,292	1,981,117
Interest On M VAT Refund Payable- Solapur	1,020,775	131,953
Gain/(Loss) in foreign currency transaction and translation	-	-
	3,350,067	2,113,070
19 Purchase of stock in trade		
Purchases of Boilers parts and related components		
- From related parties (Refer note 25(b))	493,178,328	5,209,571
Direct Expenses	13,126	1,230,809,562
- From others	-	-
	493,191,454	1,236,019,133
20 Finance costs		
Interest on balance payable to MSME	25,000,000.00	-
	25,000,000	-
21 Employee benefits expense		
Salaries and wages	86,975,023	100,920,361
Gratuity expenses	1,800,000	1,801,519
Contribution to provident and other funds	2,561,671	3,321,425
Staff welfare expenses	-	16,800
	91,336,694	106,060,105
22 Depreciation and amortisation expense		
Depreciation of tangible assets (Refer note 4)	434,840	567,054
Amortisation of intangible assets (Refer note 4)	114,452	234,280
	549,292	801,334
23 Other expenses		
Supervision services (Refer note 25(b))	-	-
Rates & taxes	873,789	3,328,888
Traveling and conveyance expenses	6,224,239	10,079,494
Repairs and maintenance	2,786,976	3,101,318
Provision for doubtful advances	-	-
Bank charges	123,476	393,818
Rent*	3,229,644	3,229,644
Legal and professional charges	3,675,530	3,642,888
Payments to auditors (Refer note 27)	2,679,808	631,174
Power and fuel *	769,048	694,947
Insurance	402,157	355,126
Printing and stationery	435,200	439,254
Communication expenses	142,897	79,233
Inspection and other fees	-	-
Provision for doubtful balances on impairment	-	-
Loss in foreign currency transaction and translation	22,450,727	26,635,426
Miscellaneous expenses	856,746	824,382
	44,650,237	53,435,593

*** Sharing of cost**

The Company uses the common office premises and shares rent, office maintenance, power and fuel and repairs and maintenance charges with other related parties in BGR group. These costs have been allocated by the Holding Company on a basis mutually agreed amongst the Companies.

Provisional &
Unaudited
Year ended
31 Mar 2020Provisional &
Unaudited
Year ended
31 March 2019*(All amounts are in Indian Rupees, unless otherwise stated)***24 Tax Reconciliation**

During the year, the Company is liable to pay tax under Minimum Alternative Tax (MAT) provisions amounting to INR 120,562,041. 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 21.34% and the reported tax expense in profit or loss are as under:

Profit or loss section

Profit before tax

At India's statutory income tax rate of 21.34% under MAT

Income tax expense

The Company has accumulated losses amounting to 1,203 million and other temporary differences relating to depreciation, employee benefits and provisions made against certain receivables amounting to 26 million. These result in a deferred tax assets of 361 million which has not been recognized since it is not probable that the Company will have adequate taxable income to offset these deferred tax assets.

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*(All amounts are in Indian Rupees, unless otherwise stated)***25 Related party transactions****(a) List of related party and nature of relationship**

Nature of Relationship		
i) Where control exists		
ii) Other related parties with whom transaction have taken place during the year		
Enterprise having significant influence		
Fellow Subsidiaries		

(b) Transactions during the year

Name of related party	Year ended 31 March 2020	Year ended 31 March 2019
BGR Energy Systems Limited		
Sales of products	422,835,349	805,146,478
Rendering of supervision services		-
Reimbursement of services	9,461,864	9,017,005
Hitachi Power Europe GmbH, Germany		
Purchases of boiler parts and related components		232,529,357
Services received		-
Inspection and other fees		-
Project advance paid		-
BGR Turbines Company Private Limited		
Reimbursement of services		-

(c) Balances with related parties

Name of related party	As at 31 March 2020	As at 31 March 2019
BGR Energy Systems Limited		
Trade receivables	474,566,867	426,651,240
Customer retention - non-current	716,224,975	669,289,940
Unbilled revenue		-
Advances from customer - non current		-
Advances from customer - current	2,316,182,186	1,971,059,539
Hitachi Power Europe GmbH, Germany		
Trade payable		1,404,143,728
Advance to vendors - non current		-
Advance to vendors - current		705,390,672
Other receivables	1,525,873	1,525,873
Other current liabilities	9,991	9,991
Progen Systems and Technologies Limited		
Advance to vendors	-	-

BGR Boilers 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)

	Year ended 31 March 2020	Year ended 31 March 2019
26 Earnings per equity share		
For total comprehensive income		
Profit/(loss) for the year attributable to equity shareholders (A)	(173,301,853)	(153,956,616)
Weighted average number of equity shares outstanding (for both basic and diluted EPS) (Numbers) (B)	135,584,000	135,584,000
Nominal value of equity shares	10	10
Basic and diluted earnings per equity share (A/B) (in ₹)	<u>(1.28)</u>	<u>(1.14)</u>
27 Payment to auditors (excluding tax)		
As auditor		
Fees for statutory audit	2,150,000	600,000
Fees for tax audit	450,000	-
Reimbursement of expenses	79,808	31,174
	<u>2,679,808</u>	<u>631,174</u>

28 Unhedged foreign currency exposures

a) The Company has not taken any derivatives contracts to hedge its risk associated with foreign currency fluctuations

b) Particulars of unhedged foreign currency exposure as on the balance sheet date are as under:

Particulars	As at 31 March 2020		As at 31 March 2019
	Foreign Currency	In ₹	Foreign Currency
Accounts payable			
-In USD			225,480,626
-In EURO			196,302,974

By virtue of the agreement with BGR Energy Systems Limited, the Company does not have any exposure on account of transactions in foreign currency as the gain/losses arising out of transaction between the Company and the Hitachi Power Europe GmbH, in relation to the activities mentioned in note 1 to these financial statements, will be made good by BGR Energy Systems Limited.

29 Contingent liabilities and commitment

Particulars	As at	As at
	31 March 2020	31 March 2019
a) Contingent liabilities		
Claims against the company not acknowledged as debt in respect of:		
- Claims from vendors towards cost of services	2,024,228,135	1,882,802,573
- Claims from vendors towards purchases	564,342,724	524,914,121
Income tax for Assessment Year 2012-13 where the company has appealed	10,191,410	10,191,410
Income tax for Assessment Year 2013-14 where the company has appealed	9,698,360	9,698,360
b) Capital commitment		
Estimated amount of contracts remaining to be settled and not provided for (net of advances paid) (Refer note 30)	1,009,691,657	940,840,157

30 Pursuant to SSA, with respect to dues to the vendors of the Company for procurement of capital goods and services with whom firm contracts were executed, BGRE has inter alia undertaken and confirmed to settle all such dues at no cost or liability to the Company. Therefore, considering that settlements to such capital vendors are yet to be made, the management asserts that no provision is considered necessary against value of unexecuted scope under such contracts for ₹ 1,009,691,657 (Previous year ₹ 940,840,157) and net costs, if any, arising on exiting such contracts.

31 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 2017 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.

32 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 to be created by the management.

33 Segment Reporting

The Company operates in a single operating segment, viz. "Supply of boilers parts and its related components" and "Providing Supervision Services" in connection with ongoing projects and in only one geographic segment as per Indian "Accounting Standard 108" Operating Segments. Since the Company's entire business is "Supply of Boilers parts and its Component" and "Providing Supervision Services" in connection with ongoing projects 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.