



CNGSN & ASSOCIATES LLP

CHARTERED ACCOUNTANTS

Swathi Court, Flat No. C & D, No. 43
Vijayaraghava Road, T.Nagar, Chennai - 600 017 India.
Tel : +91-44-4554 1480 / 81; Fax : +91-44-4554 1482
Web : www.cngsn.com; Email : info@cngsn.com

Dr. C.N. GANGADARAN
B.Com., FCA, MBIM (Lond.), Ph.d

CHINNSAMY GANESAN
B.Com., FCA, DISA (ICAI)

S. NEELAKANTAN
B.Com., FCA

D. KALAIALAGAN
B.Com., FCA, DISA (ICAI)

R. THIRUMALMARUGAN
M.Com., FCA

K. PARTHASARATHY
B.Com., FCA

B. RAMAKRISHNAN
B.Com., Grad., CWA., FCA

NYAPATHY SRILATHA
M.Com., FCA, PGDFM

V. VIVEK ANAND
B.Com., FCA

E.K. SRIVATSAN
B.Com., FCA

INDEPENDENT AUDITOR'S REPORT

To the Members of Progen Systems and Technologies Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Progen Systems and Technologies Limited ("the Company"), which comprise the balance sheet as at 31st March 2019, and the statement of Profit and Loss, (statement of changes in equity) and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements")

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and profit, (changes in equity) and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Ind AS financial statements of the current period. There were no material issues during our audit for the year warranting reporting in this section.



Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss including other Comprehensive income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this report are in agreement with the relevant books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's internal controls over financial reporting.
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us.
 - a. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements
 - b. The Company has made provision, as required under the applicable law or accounting standards for material foreseeable losses, if any, on long-term contracts including derivative contracts



- c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order ("the order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in Paragraph 3 and 4 of the order.

For M/s CNGSN & ASSOCIATES LLP
CHARTERED ACCOUNTANTS
Firm Registration No: 004915S/S200036

B. Ramakrishnan

Place: Chennai
Date: 30/05/2019



B. Ramakrishnan
Partner
Membership No: 201023

Annexure - A to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Progen Systems and Technologies Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that



(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M/s CNGSN & ASSOCIATES LLP
CHARTERED ACCOUNTANTS
Firm Registration No: 004915S/S200036

B. Ramakrishnan

Place: Chennai
Date: 30/05/2019



B. Ramakrishnan
Partner
Membership No: 201023

Annexure - B to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statements for the year ended 31 March 2019, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The company is primarily a service oriented company accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.
- (iii) The Company has not granted any loans, secured or unsecured loan to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013 Hence, the reporting under clause (a), (b) & (c) do not arise.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance and duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they become payable

According to the information and explanations given to us, there are no dues of duty of customs which have not been deposited with the appropriate authorities on account of any dispute.



- (viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For M/s CNGSN & ASSOCIATES LLP
CHARTERED ACCOUNTANTS
Firm Registration No: 004915S/S200036

B. Ramakrishnan

Place: Chennai
Date: 30/05/2019



B. Ramakrishnan
Partner
Membership No: 201023

PROGEN SYSTEMS AND TECHNOLOGIES LIMITED

Balance Sheet

Rs.Lakhs

Particulars	Note No.	As at Mar 31, 2019	As at Mar 31, 2018
ASSETS			
I Non Current Assets			
(a) Property, plant and equipment	1	7,548.83	7,564.02
(b) Intangible assets		-	-
(c) Financial assets		-	-
(i) Loans		-	-
(ii) Other financial assets	2	14.91	13.80
(d) Deferred tax assets (Net)	3	190.11	217.56
		7,753.85	7,795.38
II Current Assets			
(a) Inventories		-	-
(b) Financial assets		-	-
(i) Trade receivables	4 (a)	20.97	82.70
(ii) Cash & Cash Equivalents	4 (b)	35.74	6.76
(iii) Other financial assets		-	-
(c) Other current assets	5	43.06	52.42
		99.77	141.88
TOTAL ASSETS		7,853.62	7,937.26
EQUITY AND LIABILITIES			
I Equity			
(a) Equity Share Capital	6 (a)	610.01	610.01
(b) Other Equity	6 (b)	6,229.34	6,114.72
Total Equity		6,839.35	6,724.73
II Non Current Liabilities			
(a) Financial Liabilities		-	-
(i) Borrowings		-	-
(ii) Other financial liabilities	7	858.52	766.53
(b) Provisions		-	-
(c) Deferred tax liabilities (net)		-	-
		858.52	766.53
III Current Liabilities			
(a) Financial Liabilities		-	-
(i) Trade payables		-	-
(ii) Other financial liabilities		-	-
(b) Other Current Liabilities	8	123.74	446.00
(C) Provisions	9	32.01	-
(d) Current Tax liability (Net)		-	-
		155.75	446.00
Total Liabilities		1,014.27	1,212.53
TOTAL EQUITY AND LIABILITIES		7,853.62	7,937.26

Significant Accounting Policies
See accompanying notes 1 to 20 forming part of the Financial Statements

As per our Report of even date
for M/s. CNGSN & ASSOCIATES LLP,
CHARTERED ACCOUNTANTS
Firm Reg. No.49155

R. Swarnamugi

CHENNAI SWARNAMUGI R.KARTHIK
DATE: 30/05/2019 DIRECTOR

A. Swaminathan
A.SWAMINATHAN
DIRECTOR

B. Ramakrishnan

B . RAMAKRISHNAN
PARTNER M. No: 201023



PROGEN SYSTEMS AND TECHNOLOGIES LIMITED
Statement of Profit and Loss
Rs.Lakhs

Particulars		Note No.	For the year ended Mar 31, 2019	For the year ended Mar 31, 2018
I	Revenue from operations		-	-
II	Other income	10	289.78	282.51
III	Total Income		289.78	282.51
IV	Expenses			
	(a) Cost of raw materials and components consumed		-	-
	(b) Cost of manufacturing and construction		-	-
	(c) Changes in inventories of finished goods, stock in trade and work in progress		-	-
	(d) Excise Duty on sale of goods		-	-
	(e) Employee benefits expense		-	-
	(f) Depreciation and amortization expense	11	15.19	16.51
	(g) Other expenses	12	100.51	89.36
	Total expenses (IV)		115.70	105.87
V	Profit before exceptional items and tax (I-IV)		174.08	176.64
VI	Exceptional items		-	-
VII	Profit/(Loss) before tax (V)-(VI)		174.08	176.64
VIII	Tax expenses			
	(i) Current tax		32.01	-
	(ii) MAT credit entitlement		-	-
	(iii) Deferred tax		27.45	28.75
IX	Profit for the period(VII)-(VIII)		114.62	147.89
X	Other Comprehensive Income		-	-
XI	Total Comprehensive Income for the Period(IX+X)(Comprising Profit(Loss) and other Comprehensive Income for the Period)		114.62	147.89
	Profit/(Loss) for the period attributable to:			
	1. Non Controlling Interests		34.76	44.85
	2. Owners of the Equity		79.87	103.04
XII	Earnings per Equity Share (for Continuing Operation):			
	1. Basic	13	1.88	2.42
	2. Diluted		1.88	2.42
Significant Accounting Policies See accompanying notes 1 to 20 forming part of the Financial Statements				

As per our Report of even date
for M/s. CNGSN & ASSOCIATES LLP,
CHARTERED ACCOUNTANTS
Firm Reg. No.4915S



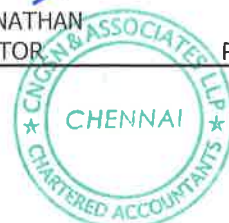
CHENNAI
DATE: 30/05/2019 SWARNAMUGI R.KARTHIK
DIRECTOR



A.SWAMINATHAN
DIRECTOR



B . RAMAKRISHNAN
PARTNER M. No: 201023



PROGEN SYSTEMS AND TECHNOLOGIES LIMITED
6 (b) Statement of changes in equity

Particulars	Equity share capital	Other equity Reserves & Securities Premium Reserve	Revaluation Reserve	General Reserves	Retained Earnings	Other Equity Instruments through Other Comprehensive Income	Effective Portion of Cash Flow Hedges	Other Items of Other Comprehensive Income	Rs. Lakhs	
									Total	(2018-19)
Balance at the beginning of reporting Period (01.04.2018)	610.01	-	7,305.17	-	(1,190.45)	-	-	-	6,724.73	
Changes in accounting Policy or Prior period errors									-	
Restated Balance at the beginning of reporting Period									-	
Profit for the year					114.62				114.62	
Equity Instruments through Other Comprehensive Income						-			-	
Effective Portion of Cash Flow Hedges									-	
Remeasurement of net defined benefit Liability/Asset (net)									-	
Transfer to General Reserve									-	
Dividend									-	
Transfer to Retained Earnings									-	
Any other Change									-	
Balance at the end of reporting Period (31.03.2019)	610.01	-	7,305.17	-	(1,075.83)	-	-	-	6,839.35	

See accompanying notes to the financial statements 1 - 20

As per our Report of even date
for M/s. CNGSN & ASSOCIATES LLP,
CHARTERED ACCOUNTANTS
Firm Reg. No.49155



B. Ramakrishnan

A. Swaminathan
A. SWAMINATHAN
DIRECTOR

Swarnamugi R. Karthik
SWARNAMUGI R. KARTHIK
DIRECTOR

CHENNAI
DATE: 30/05/2019

CHENNAI

DATE: 30/05/2019

DIRECTOR

B. RAMAKRISHNAN
PARTNER M. No: 201023

PROGEN SYSTEMS AND TECHNOLOGIES LIMITED
Cash Flow Statement

Rs. in lakhs

A	Particulars	For the period ended		For the period ended	
		March 31, 2019		March 31, 2018	
	CASH FLOW FROM OPERATING ACTIVITIES				
	Net profit before tax and extraordinary items		174.08		176.64
	Adjustments for :				
	Depreciation, impairment and amortization		15.19		16.51
	Loose tools written off		-		-
	Notional Income		92.01		82.14
	Provision for Gratuity		-		(26.44)
	Provision for warranty and Contractual Obligation				
	Income tax Expense		(32.01)		-
	Change in DTA				
	Operating profit before working capital changes		249.28		248.85
	Changes in working capital				
	(Increase) / decrease in trade receivables	61.73		(56.87)	
	(Increase) / decrease in inventories	-		-	
	(Increase) / decrease in other current Assets	9.34		(15.39)	
	(Increase) / decrease in other Financial Assets	(1.11)		(0.70)	
	Increase / (decrease) in loans and advances	-		-	
	Increase / (decrease) in trade payables and provisions	-		-	
	Increase / (decrease) in Other Financial Liabilities	-		-	
	Increase / (decrease) in Other Current Liabilities	(290.25)		(177.92)	
			(220.29)		(250.88)
	Cash generated from operations		28.98		(2.03)
	Direct taxes (paid) / refund (net)		-		-
	Net cash flow from operating activities		28.98		(2.03)
B	CASH FLOW FROM INVESTING ACTIVITIES				
	Purchase of fixed assets		-		-
	Loan given to Schimtz received		-		-
	Net cash flow from investing activities		-		-
C	CASH FLOW FROM FINANCING ACTIVITIES				
	Long term borrowings (repaid) / availed		-		-
	Net cash flow from financing activities		-		-
	Net increase in cash and cash equivalents (A+B+C)		28.98		(2.03)
	Cash and cash equivalents as at April 1, 2018		6.76		8.79
	Cash and cash equivalents as at March 31, 2019		35.74		6.76
	Cash on hand		0.02		0.03
	On current accounts		35.72		6.73
	On deposit accounts		-		-

See accompanying notes 1 to 20 forming part of the Financial Statements

As per our Report of even date
for M/s. CNGSN & ASSOCIATES LLP,
CHARTERED ACCOUNTANTS
Firm Reg. No.49155

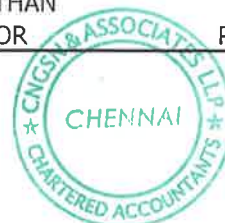


CHENNAI
DATE: 30/05/2019
SWARNAMUGI R.KARTHIK
DIRECTOR


A.SWAMINATHAN
DIRECTOR



B . RAMAKRISHNAN
PARTNER M. No: 201023



PROGEN SYSTEMS AND TECHNOLOGIES LIMITED
Notes to Financial Statements

SIGNIFICANT ACCOUNTING POLICIES

i) Basis of preparation of Financial Statements

The Financial Statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values and the provisions of the Companies Act, 2013 (the Act). The Ind AS are prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

The Company is following accrual basis of accounting on a going concern concept.

ii) Use of estimates

The preparation of the Financial Statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the applications of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent liabilities at the date of the Financial Statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgements. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as and when management becomes aware of changes in circumstances surrounding the estimates. Changes in the estimates are reflected in the Financial Statements in the period in which change are made and, if material, their effects are disclosed in the notes to the Financial Statements.

iii) Functional and presentation currency

Items included in the Financial Statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency').

The Financial Statements are presented in Indian Rupee (INR), which is Company's functional and presentation currency.

iv) Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

v) Financial Assets

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instruments. A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction cost that are directly attributable to its acquisition or issue.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

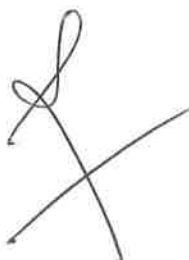
vi) Financial liabilities :

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured fair and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

vii) Property, Plant and Equipment

a) Recognition & Measurement

Property, Plant and Equipment are stated at cost, less accumulated depreciation and impairment losses, if any. Cost of property, plant and equipment comprises its purchase cost, including import duties and non - refundable taxes or levies and any directly attributable cost to bring the item to working condition as intended by management. Further, any trade discounts and rebates are deducted. Any gain or loss on disposal of property, plant and equipment is recognised as profit or loss. Property, Plant and Equipment not ready for the intended use on the date of Balance Sheet are disclosed as "Capital work-in-progress" at cost, less impairment losses, if any.



PROGEN SYSTEMS AND TECHNOLOGIES LIMITED
Notes to Financial Statements

b) Depreciation

The company depreciates the property, plant and equipment over their estimated useful life of the items using Straight-line method. Freehold land is not depreciated. The useful life of the property, plant and equipment are as follows:

Assets	Estimate of Useful Life in Years
Tangible Assets	
Buildings	5-30
Furniture & Fixtures	10
Plant & Equipment	15
Office equipments	5
Electrical Installations	10
Vehicles	6

viii) Impairment

Non-financial assets

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. "For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs." If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

ix) Provisions (other than for employee benefits)

A Provision is recognised if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable than an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the obligation at the balance sheet) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

x) Recognition of dividend income, interest income or expense

Dividend income is recognised in profit or loss on the date on which the Company's right to receive payments is established.

Interest income or expense is recognised using the effective interest method.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset.

If the asset is no longer credit impaired, then the calculation of interest income reverts to gross basis.

xi) Income tax

Income tax comprises current and deferred tax. It is recognised in statement of profit or loss except to the extent that it relates to other comprehensive income.

a) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantially enacted by the reporting date. Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

b) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purpose. Deferred tax is recognised in respect of carried forward losses and tax credits. Deferred tax is not recognised for temporary differences arising on the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable profit or loss at the time of transaction.



PROGEN SYSTEMS AND TECHNOLOGIES LIMITED
Notes to Financial Statements

Deferred tax is recognised in respect of carried forward losses and tax credits. Deferred tax is not recognised for temporary differences arising on the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable profit or loss at the time of transaction.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets — unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

xii) Cash flows

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

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

Cash and cash equivalents includes bank overdraft for the purpose of cash flow.

xiii) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institution, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

xiv) Earnings per share

- a. Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.
- b. Diluted earnings per share
Diluted earning per share adjusts the figures used in the determination of basic earnings per share to take into account:
 1. the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
 2. the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares

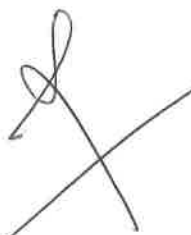
xv) Contingent liabilities

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

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

xvi) Rounding of amounts

All amounts disclosed in the Financial Statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III of the Companies Act 2013, unless otherwise stated.



PROGEN SYSTEMS AND TECHNOLOGIES LIMITED
Notes to Financial Statements

1 Property, plant and equipment

Rs.Lakhs

	Land	Building	Plant and Equipment	Furniture and fixtures	Office equipments	Electrical installations	Vehicles	Total
Cost or valuation								
At 31 March 2018 ✓	7,381.50	323.96	578.92	9.83	38.47	87.19	33.70	8,453.57
At 31 March 2019 ✓	7,381.50	323.96	578.92	9.83	38.47	87.19	33.70	8,453.57
Depreciation and impairment								
At 1 April 2018 ✓		198.38	529.69	8.89	38.12	81.91	32.56	889.55
Depreciation charge for the year	-	9.74	4.96	0.20	0.16	0.13	-	15.19
At 31 March 2019 ✓	-	208.12	534.65	9.09	38.28	82.04	32.56	904.74
Net book value								
At 31 March 2019 ✓	7,381.50	115.84	44.27	0.74	0.19	5.15	1.14	7,548.83
At 31 March 2018 ✓	7,381.50	125.58	49.23	0.94	0.35	5.28	1.14	7,564.02

Net book value	At 31 ✓ March 2019	At 31 ✓ March 2018
Property, plant and equipment	7,548.83	7,564.02

Note: 1. The Land has been revalued at the market rate as on 01.04.2015

2. Land has been offered as a collateral security to BGR Energy Systems Limited, the Holding Company's lender Syndicate Bank towards corporate loan availed by it.

3. The Land & Buildings and Plant & Machinery were leased to BGR Energy Systems Ltd.



PROGEN SYSTEMS AND TECHNOLOGIES LIMITED

Notes to Financial Statements

2 Other financial Assets

Particulars	Rs.Lakhs	
	31-Mar-19	31-Mar-18
Security Deposits	14.91	13.80
Total Other financial Assets	14.91	13.80

3 Deferred taxes

Particulars	Rs.Lakhs			
	Deferred tax asset as at March 31, 2019	Deferred tax liability as at March 31, 2019	Deferred tax asset as at March 31, 2018	Deferred tax liability as at March 31, 2018
Depreciation and impairment	-	27.45	-	28.75
Total	-	27.45	-	28.75
Net	(27.45)		(28.75)	
Transferred to Retained Earnings	-		-	
P&L impact	(27.45)		(28.75)	
Balance Sheet	190.11		217.56	

4 Financial Assets

4 (a) Trade receivables	Rs.Lakhs	
	31-Mar-19	31-Mar-18
Unsecured Considered good		
Trade receivables from related parties	20.97	82.70
Total Trade receivables	20.97	82.70

4 (b) Cash and cash equivalents	Rs.Lakhs	
	31-Mar-19	31-Mar-18
Balances with banks:		
On current accounts	35.72	6.73
Cash on hand	0.02	0.03
Total Cash and cash equivalent	35.74	6.76

5 Other Current Assets	Rs.Lakhs	
	31-Mar-19	31-Mar-18
Prepayments	1.05	1.34
Other Advances *	42.01	51.08
Total Other Current Assets	43.06	52.42

* Include TDS receivables, Income Tax refund receivables.

6 (a) Equity Share Capital

Particulars	Rs.Lakhs			
	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	Amount	No. of Shares	Amount
Share Capital at the beginning of the year (Face value Rs.10/- each)	61,00,070	610.01	61,00,070	610.01
Increase / (Decrease) during the year	-	-	-	-
Share Capital at the end of the year	61,00,070	610.01	61,00,070	610.01

a. Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting year

Particulars	Rs.Lakhs			
	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	Amount	No. of Shares	Amount
Outstanding at the beginning of the year	61,00,070	610.01	61,00,070	610.01
Issued during the year	-	-	-	-
Outstanding at the end of the year	61,00,070	610.01	61,00,070	610.01

b. Details of shareholders holding more than 5% shares in the company

Particulars	March 31, 2019		March 31, 2018	
	No. of Shares	% held	No. of Shares	% held
BGR Energy Systems Limited	42,50,000	69.67	42,50,000	69.67
BGR Investment Holdings Company Limited	18,50,039	30.33	18,50,039	30.33

c. Terms / rights attached to equity Shares

The Company has one class of shares referred to as equity shares having a Face value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share.

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PROGEN SYSTEMS AND TECHNOLOGIES LIMITED
Notes to Financial Statements

Rs.Lakhs

7	Other Financial Liabilities	31-Mar-19	31-Mar-18
	Rental deposit	858.52	766.53
	Total	858.52	766.53

Rs.Lakhs

8	Other Current Liabilities	31-Mar-19	31-Mar-18
	Advance from customers	-	234.03
	Rent received in advance	118.34	207.06
	Other payables *	5.40	4.91
	Total Other Current Liabilities	123.74	446.00

* Other payables include GST / TDS payable and Miscellaneous outstanding Liabilities

Rs.Lakhs

9	Provisions	31-Mar-19	31-Mar-18
	Provision for Taxation	32.01	-
	Total Provisions	32.01	-

Rs.Lakhs

10	Other income	31-Mar-19	31-Mar-18
	Fair value gain on financial instruments at fair value through profit or loss	88.74	88.74
	Lease rental income	198.45	192.94
	Finance Income		
	Interest income from financial assets at amortised cost	2.59	0.83
	Total Income	289.78	282.51

Rs.Lakhs

11	Depreciation and amortization expense	31-Mar-19	31-Mar-18
	Depreciation of tangible assets	15.19	16.51
	Depreciation and amortization expense	15.19	16.51

Rs.Lakhs

12	Other expenses	31-Mar-19	31-Mar-18
	Payment to auditors (refer details below)	2.00	2.00
	Bank charges	0.01	0.01
	Insurance	1.57	0.41
	Other administrative expenses	0.44	0.03
	Notional Rent	91.98	82.13
	Professional charges	-	1.09
	Rates and taxes	3.08	1.84
	Repairs and maintenance	1.43	0.29
	Other Written off	-	1.56
	Total Other expenses	100.51	89.36

Rs.Lakhs

	31-Mar-19	31-Mar-18
Payment to auditors		
- For audit fees	1.30	1.30
- For tax matters	0.70	0.70
Total Payment to Auditors	2.00	2.00



PROGEN SYSTEMS AND TECHNOLOGIES LIMITED
Notes to Financial Statements

13 Earnings per share (EPS)

Particulars	Rs.Lakhs	
	For the year ended Mar 31, 2019	For the year ended Mar 31, 2018 ✓
Basic EPS		
Profit after tax as per Statement of Profit & Loss	114.62	147.89
Weighted average number of equity shares (face value Rs.10 per share)	61,00,070	61,00,070
Basic EPS (Rs.)	1.88	2.42
Diluted EPS		
Profit for the year for basic EPS	114.62	147.89
Less : Adjustment	-	-
Adjusted profit for diluted EPS	114.62	147.89
Weighted average number of equity shares for Basic EPS	61,00,070	61,00,070
Add : Adjustment	-	-
Employee Stock Option Plan	-	-
Weighted average number of equity shares (face value Rs.10 per share)	61,00,070	61,00,070
Diluted EPS (Rs.)	1.88	2.42

14 Financial Instruments

The Carrying Value and Fair Value of Financial Instruments as of March 31, 2019 were as follows:

Particulars	Rs.Lakhs				
	Financial Assets carried at Amortised Cost	Financial Assets carried at FVTPL	Financial Assets carried at FVTOCI	Total Carrying Value	Total Fair Value
ASSETS					
Cash & Cash Equivalents	35.74			35.74	35.74
Trade Receivables	20.97			20.97	20.97
Loans	-	-		-	-
Other Financial Assets	-			-	-
Total	56.71	-	-	56.71	56.71
LIABILITIES					
Trade Payables	-			-	-
Other Financial Liabilities	-	858.52		1,000.00	858.52
Total	-	858.52	-	1,000.00	858.52

The Carrying Value and Fair Value of Financial Instruments as of March 31, 2018 were as follows:

Particulars	Rs.Lakhs				
	Financial Assets carried at Amortised Cost	Financial Assets carried at FVTPL	Financial Assets carried at FVTOCI	Total Carrying Value	Total Fair Value
ASSETS					
Cash & Cash Equivalents	6.76			6.76	6.76
Trade Receivables	82.70			82.70	82.70
Loans	-	-		-	-
Other Financial Assets	-			-	-
Total	89.46	-	-	89.46	89.46
LIABILITIES					
Trade Payables	-			-	-
Other Financial Liabilities	-	766.53		1,000.00	766.53
Total	-	766.53	-	1,000.00	766.53



PROGEN SYSTEMS AND TECHNOLOGIES LIMITED**Notes to Financial Statements****15 Fair Value Hierarchy**

Fair value categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1 - Quoted Prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset/liability either directly (i.e. prices) or indirectly (i.e. derived from prices)

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

The Following table shows the levels in the fair value hierarchy as on March 31,2019

Fair Value Measurement at the end of the reporting period	As at March 31, 2019	As at March 31, 2018
ASSETS		
Rental Deposits	Level 3	Level 3

16 Leases**Operating Leases**

The Company has given commercial premises and land under non-cancellable operating leases for a period of 11 months from January 1, 2016 and the same shall be renewed for further period of 11 months each for 5 terms in succession in addition to the original lease period.

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

Particulars	Rs.Lakhs	
	Minimum lease receipts receivables as at	
	March 31,2020	July 31, 2020
Due within one year	204.24	69.46
Total	204.24	69.46

Lease rental income in respect of operating leases recognized in the statement of profit and loss for the year Rs.198.45 lakhs (Rs. 192.94 lakhs). The Lease Income for the year ended March 31, 2019 is subject to escalation of 5% over the previous year

17 Related party transactions**List of related Parties****a. Holding company**

i. BGR Energy Systems Limited.

b. Subsidiary company – Nil**c. Associate company – Nil**

d. Other companies – (Enterprises where significant influence exists and enterprises where Key Management personnel have significant influence) to the extent covered in financial statement - Nil

e. Key Management Personnel - Nil**f. Related party transactions**

Particulars	Rs.Lakhs	
	Holding Company	
	2018-19	2017-18
Lease Rental Income	198.45	192.94
Repayment of advance received	235.46	85.00

1. Lease rental Income represents lease rent for factory and buildings from BGR Energy Systems Limited

2. Repayment of advance to BGR Energy Systems Limited

18 Impairment of assets

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

19 Previous year figures

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

As per our Report of even date
for M/s. CNGSN & ASSOCIATES LLP,
CHARTERED ACCOUNTANTS
Firm Reg. No.4915S



SWARNAMUGI R.KARTHIK
DIRECTOR



A.SWAMINATHAN
DIRECTOR



B . RAMAKRISHNAN
PARTNER M. No: 201023

CHENNAI

DATE: 30/05/2019

