



# CNGSN & ASSOCIATES LLP

CHARTERED ACCOUNTANTS

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## Independent Auditor's Report

To the Members of Progen Systems and Technologies Limited

### Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Progen Systems and Technologies Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended and a summary of the Significant Accounting Policies and other explanatory information (herein after referred to as "Standalone Ind AS financial statements").

### 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 Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
- b) In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date;
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date. and
- d) In the case of the Statement of changes in Equity, of the changes in Equity for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. 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, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
  - (d) in our opinion, the aforesaid standalone Ind AS financial statements comply with the



Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;

- (e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 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 B"; and
- (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:
  - i. The Company has no pending litigations which will have impact on its financial position in its financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts required to be transferred to the Investor Education and Protection Fund by the Company; and
  - iv. the Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 28 to the standalone Ind AS financial statements.

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

*B. Ramakrishnan*

Place: Chennai

Date: 25/05/2017

B.RAMAKRISHNAN  
Partner  
Membership No:201023



## Annexure - A 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 2017, 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 programme, 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 2017 for a period of more than six months from the date they became payable.
- (b) 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 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



Place: Chennai

Date: 25/05/2017

B. RAMAKRISHNAN  
Partner  
Membership No: 201023



## **Annexure - B 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 2017 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.

## Inherent 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 2017, 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: 25/05/2017

B. RAMAKRISHNAN  
Partner  
Membership No: 201023



PROGEN SYSTEMS AND TECHNOLOGIES LIMITED				Rs.Lakhs
Balance Sheet				As at
Particulars	Note No.	As at Mar 31, 2017 Rs.Lakhs	As at Mar 31, 2016 Rs.Lakhs	Apr 1, 2015 Rs.Lakhs
<b>ASSETS</b>				
<b>I Non Current Assets</b>				
(a) Property, plant and equipment	1	7,580.55	7,599.11	315.90
(b) Intangible assets	2	0.02	0.02	0.02
(c) Financial assets	3			
(i) Loans	3 (a)	-	-	57.43
(ii) Other financial assets	3 (b)	13.10	11.93	12.37
(d) Deferred tax assets (Net)	4	246.31	285.42	325.82
		<b>7,839.98</b>	<b>7,896.48</b>	<b>711.54</b>
<b>II Current Assets</b>				
(a) Inventories	5	-	4.49	567.25
(b) Financial assets				
(i) Trade receivables	6 (a)	25.83	50.49	54.20
(ii) Cash & Cash Equivalents	6 (b)	8.79	20.15	14.08
(iii) Other financial assets	6 (c)	-	0.55	1.00
(c) Other current assets	7	37.00	135.56	131.71
		<b>71.62</b>	<b>211.24</b>	<b>768.24</b>
<b>TOTAL ASSETS</b>		<b>7911.60</b>	<b>8107.72</b>	<b>1479.78</b>
<b>EQUITY AND LIABILITIES</b>				
<b>I Equity</b>				
(a) Equity Share Capital	8	610.00	610.00	610.00
(b) Other Equity	8 (b)	5,966.84	5,945.92	(1,050.68)
<b>Total Equity</b>		<b>6,576.84</b>	<b>6,555.92</b>	<b>(440.68)</b>
<b>II Non Current Liabilities</b>				
(a) Financial Liabilities	9			
(i) Borrowings	9 (a)	-	-	590.15
(ii) Other financial liabilities	9 (b)	684.40	611.08	-
(b) Provisions	10	26.44	26.44	26.68
(c) Deferred tax liabilities (net)		-	-	-
		<b>710.84</b>	<b>637.53</b>	<b>616.83</b>
<b>III Current Liabilities</b>				
(a) Financial Liabilities				
(i) Trade payables	11	-	117.33	223.96
(ii) Other financial liabilities		-	-	-
(b) Other Current Liabilities	12	623.92	796.94	1,079.67
		<b>623.92</b>	<b>914.27</b>	<b>1,303.63</b>
<b>Total Liabilities</b>		<b>1,334.76</b>	<b>1,551.79</b>	<b>1,920.46</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,911.60</b>	<b>8,107.72</b>	<b>1,479.78</b>

See accompanying notes to the financial statements

As per our Report of even date  
for M/s. CNGSN & ASSOCIATES LLP,  
CHARTERED ACCOUNTANTS  
Firm Reg. No.49155/  
5200036

*R. Swarnamugi*

*A. Swaminathan*

*B. Ramakrishnan*

CHENNAI  
DATE: 25.05.2017

SWARNAMUGI KARTHIK  
DIRECTOR

A.SWAMINATHAN  
DIRECTOR

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, 2017 Rs.Lakhs	For the year ended Mar 31, 2016 Rs.Lakhs
<b>I</b> (a) Revenue from operations	13	2.69	816.63
<b>II</b> (b) Other income	14	273.76	67.48
<b>III Total Income</b>		<b>276.45</b>	<b>884.11</b>
<b>IV Expenses</b>			
(a) Cost of raw materials and components consumed	15	-	403.26
(b) Cost of manufacturing and construction	16	-	138.96
(c) Changes in inventories of finished goods, stock in trade and work in progress		-	352.38
(d) Excise Duty on sale of goods		-	18.61
(e) Employee benefits expense	17	-	140.87
(f) Depreciation and amortization expense	18	18.56	21.97
(g) Other expenses	19	197.86	76.24
<b>Total expenses (IV)</b>		<b>216.42</b>	<b>1,152.29</b>
<b>V Profit before exceptional items and tax (I-IV)</b>		60.03	(268.17)
<b>VI Exceptional items</b>		-	-
<b>VII Profit/(Loss) before tax (V)-(VI)</b>		60.03	(268.17)
<b>VIII Tax expenses</b>			
(i) Current tax		-	-
(ii) MAT credit entitlement		-	-
(iii) Deferred tax		39.11	40.41
<b>IX Profit for the period(VII)-(VIII)</b>		<b>20.92</b>	<b>(308.58)</b>
<b>X Other Comprehensive Income</b>		-	-
<b>XI Total Comprehensive Income for the Period(IX+X)(Comprising Profit(Loss) and other Comprehensive Income for the Period)</b>		<b>20.92</b>	<b>(308.58)</b>
Profit/(Loss) for the period attributable to:			
1. Non Controlling Interests		6.35	(93.59)
2. Owners of the Equity		14.57	(214.99)
<b>XII Earnings per Equity Share (for Continuing Operation):</b>			
1. Basic	20	0.34	(5.06)
2. Diluted		0.34	(5.06)

See accompanying notes to the financial statements

As per our Report of even date  
for M/s. CNGSN & ASSOCIATES LLP,  
CHARTERED ACCOUNTANTS  
Firm Reg. No.49155/  
6200036

*R. Swarnam*

CHENNAI  
DATE: 25.05.2017

SWARNAMUGI KARTHIK  
DIRECTOR

*A. Swaminathan*

A.SWAMINATHAN  
DIRECTOR

*B. Ramakrishnan*

B .RAMAKRISHNAN  
PARTNER M. No: 201023



PROGEN SYSTEMS AND TECHNOLOGIES LIMITED  
8 (a) and 8 (b) Statement of changes in equity

2016-17

Rs. Lakhs

Particulars	Equity share capital	Reserves & Surplus				Other equity			Total (16-17)
		Securities Premium Reserve	Revaluation Reserve	General Reserves	Retained Earnings	Equity Instruments through Other Comprehensive Income	Effective Portion of Cash Flow Hedges	Other Items of Other Comprehensive Income	
Balance at the beginning of reporting Period (01.04.2016)	610.00	-	7,305.18	-	(1,359.26)	-	-	6,555.92	
Changes in accounting Policy or Prior period errors								-	
Restated Balance at the beginning of reporting Period								-	
Profit for the year					20.92			20.92	
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								-	
<b>Balance at the end of reporting Period (31.03.2017)</b>	<b>610.00</b>	<b>-</b>	<b>7,305.18</b>	<b>-</b>	<b>(1,338.34)</b>	<b>-</b>	<b>-</b>	<b>6,576.84</b>	

2015-16

Rs. Lakhs

Particulars	Equity share capital	Reserves & Surplus				Other equity			Total (15-16)
		Securities Premium Reserve	Revaluation Reserve	General Reserves	Retained Earnings	Equity Instruments through Other Comprehensive Income	Effective Portion of Cash Flow Hedges	Other Items of Other Comprehensive Income	
Balance at the beginning of reporting Period (01.04.2015)	610.00	-	-	-	(1,050.68)			(440.68)	
Changes in accounting Policy or Prior period errors								-	
Restated Balance at the beginning of reporting Period								-	
Profit for the year					(308.58)			(308.58)	
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			7,305.18					-	
<b>Balance at the end of reporting Period (31.03.2016)</b>	<b>610.00</b>	<b>-</b>	<b>7,305.18</b>	<b>-</b>	<b>(1,359.26)</b>	<b>-</b>	<b>-</b>	<b>7,305.18</b>	
								<b>6,555.92</b>	

See accompanying notes to the financial statements

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

*R. Swarnamug*  
SWARNAMUGI KARTHEK  
DIRECTOR



*A. Swaminathan*  
A. SWAMINATHAN  
DIRECTOR

*B. Ramakrishnan*  
B. RAMAKRISHNAN  
PARTNER M. No: 201023

CHENNAI  
DATE: 25.05.2017

Firm Reg. No. 49155/2000/6

**PROGEN SYSTEMS AND TECHNOLOGIES LIMITED**  
Cash Flow Statement

Rs. in lakhs

	Particulars	For the period ended		For the year ended	
		March 31, 2017		March 31, 2016	
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
	Net profit before tax and extraordinary items		60.03		(268.17)
	Adjustments for :				
	Depreciation, impairment and amortization		18.56		21.97
	Loose tools written off		4.49		
	Notional Income		73.33		611.08
	Provision for Gratuity				(0.24)
	Provision for warranty and Contractual Obligation				
	Interest expense (net)		(1.17)		0.44
	Change in DTA				-
	<b>Operating profit before working capital changes</b>		<b>155.24</b>		<b>365.07</b>
	Changes in working capital				
	(Increase) / decrease in trade receivables	24.66		3.71	
	(Increase) / decrease in inventories	-		562.76	
	(Increase) / decrease in other current Assets	98.56		(3.85)	
	(Increase) / decrease in other Financial Assets	0.55		0.45	
	Increase / (decrease) in loans and advances	-		-	
	Increase / (decrease) in trade payables and provisions	(117.33)		(106.63)	
	Increase / (decrease) in Other Financial Liabilities	-		-	
	Increase / (decrease) in Other Current Liabilities	(173.02)		(282.73)	
			(166.58)		173.71
	<b>Cash generated from operations</b>		<b>(11.34)</b>		<b>538.78</b>
	Direct taxes (paid) / refund (net)		-		-
	<b>Net cash flow from operating activities</b>		<b>(11.34)</b>		<b>538.78</b>
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
	Purchase of fixed assets		-		-
	Loan given to Schimtz received		-		57.43
	<b>Net cash flow from investing activities</b>		-		<b>57.43</b>
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
	Long term borrowings (repaid) / availed		-		(590.15)
	<b>Net cash flow from financing activities</b>		-		<b>(590.15)</b>
	<b>Net increase in cash and cash equivalents (A+B+C)</b>		<b>(11.34)</b>		<b>6.06</b>
	<b>Cash and cash equivalents as at April 1, 2016</b>		<b>20.15</b>		<b>14.08</b>
	<b>Cash and cash equivalents as at March 31, 2017</b>		<b>8.79</b>		<b>20.15</b>
	Cash on hand		0.11		0.54
	On current accounts		8.68		17.38
	On deposit accounts		-		2.23

See accompanying notes to the financial statements

As per our Report of even date  
for M/s. CNGSN & ASSOCIATES LLP,  
CHARTERED ACCOUNTANTS  
Firm Reg. No.49155/  
5200036

*R. Swarnamugi*  
SWARNAMUGI KARTHIK  
DIRECTOR

*A. Swaminathan*  
A. SWAMINATHAN  
DIRECTOR

*B. Ramakrishnan*  
B. RAMAKRISHNAN  
PARTNER M. No: 201023

CHENNAI  
DATE: 25.05.2017



1 Property, plant and equipment

Rs.Lakhs

	Land	Building	Plant and Equipment	Furniture and fixtures	Office fixtures	Office equipments	Electrical installations	Vehicles	Total
<b>Cost or valuation</b>									
At 1 April 2015	76.32	323.96	578.92	9.83	-	38.47	87.19	33.70	1,148.39
Revaluation	7,305.18								7,305.18
Additions									-
Acquisition of a subsidiary									-
Disposals									-
Exchange differences									
At 31 March 2016	7,381.50	323.96	578.92	9.83	-	38.47	87.19	33.70	8,453.57
Additions									-
Acquisition of a subsidiary									-
Disposals									-
Discontinued operations									
Revaluation recognised in OCI									
Transfer									
Exchange differences									
At 31 March 2017	7,381.50	323.96	578.92	9.83	-	38.47	87.19	33.70	8,453.57
<b>Depreciation and impairment</b>									
At 1 April 2015	-	169.16	511.42	8.26	-	36.38	80.82	26.45	832.49
Depreciation charge for the year	-	9.74	6.45	0.23	-	0.68	0.83	4.04	21.97
Impairment									
Disposals	-	-	-	-	-	-	-	-	-
Exchange differences									
At 31 March 2016	-	178.90	517.87	8.49	-	37.06	81.65	30.49	854.46
Depreciation charge for the year	-	9.74	5.91	0.20	-	0.53	0.13	2.05	18.56
Discontinued operations									
Transfer									
Disposals	-	-	-	-	-	-	-	-	-
Exchange differences									
At 31 March 2017	-	188.64	523.78	8.69	-	37.59	81.78	32.54	873.02
<b>Net book value</b>									
At 31 March 2017	7,381.50	135.32	55.14	1.14	-	0.88	5.41	1.16	7,580.55
At 31 March 2016	7,381.50	145.06	61.05	1.34	-	1.41	5.54	3.21	7,599.11
At 1 April 2015	76.32	154.80	67.50	1.57	-	2.09	6.37	7.25	315.90
<b>Net book value</b>									
		At 31 March 2017	At 31 March 2016	At 1 April 2015					
Plant, property and equipment		7,581	7,599	316					

2 Intangible assets

Rs.Lakhs

Particulars	Goodwill	Technical Knowhow	Software	Total
At 1 April 2015	-	-	5.97	5.97
Additions	-	-	-	-
Acquisition of a subsidiary	-	-	-	-
At 31 March 2016 (Total)	-	-	5.97	5.97
Additions	-	-	-	-
Acquisition of a subsidiary	-	-	-	-
Discontinued operations	-	-	-	-
At 31 March 2017 (Total)	-	-	5.97	5.97
<b>Amortisation and impairment</b>				
At 1 April 2015	-	-	5.95	5.95
Amortisation	-	-	-	-
At 31 March 2016 (Total)	-	-	5.95	5.95
Amortisation	-	-	-	-
Impairment	-	-	-	-
Discontinued operations	-	-	-	-
At 31 March 2017 (Total)	-	-	5.95	5.95
<b>Net book value</b>				
At 31 March 2017	-	-	0.02	0.02
At 31 March 2016	-	-	0.02	0.02
At 1 April 2015	-	-	0.02	0.02
<b>Net book value</b>				
	31-Mar-17	31-Mar-16	1-Apr-15	
Goodwill	-	-	-	
Technical Knowhow	-	-	-	
Software	0.02	0.02	0.02	
Total	0.02	0.02	0.02	

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

2. Refer Note No.29 (ii) (b) The Company's Land has been offered as a collateral security to BGR Energy Systems Limited (Holding Company) lender Syndicate Bank towards corporate loan availed by them.

3. The Company's Land & Buildings and Plant & Machinery are presently given on lease to its Holding Company, BGR Energy Systems Ltd. These assets are leased with a view to be used as Owner occupied property.



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Notes to financial statements

A. COMPANY OVERVIEW

Progen Systems and Technologies Limited ('the company') is a Non-listed public limited company incorporated under the provisions of the Companies Act, 1956. The company is a manufacturer of capital equipments for Power Plants, Petrochemical Industries, Refineries, Process Industries.

B. 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, the provisions of the Companies Act, 2013 (Act) (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The company has adopted all Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. The Financial statements up to year 31 March 2016 were prepared in accordance with accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act. These financial statements are the first financial statements of the company under Ind AS. Reconciliations and descriptions of the effect of the transition has been summarized in notes. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standards require a change in the accounting policy hitherto in use.

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 and the use of assumptions in these financial statements have been disclosed below. 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.

Critical accounting estimates

1. Recognition of deferred tax asset : availability of future taxable profit
2. Measurement of defined benefit obligations : Key actuarial assumptions
3. Recognition and measurement of provisions and contingencies : key assumptions about the likelihood and magnitude of an outflow of resources
4. Estimation of useful life of property, plant and equipments and intangible assets
5. Estimation of current tax expense and payable

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. Further information about the assumption made in measuring fair values is included in Note no.23.

v) Employee benefits

a) Short-term employee benefits :

Short-term employee benefits are recognized as an expense at the undiscounted amount in the statement of profit and loss for the year in which related services are rendered.

b) Post employment benefits:

i) Defined contribution plan:

Company's contributions paid/payable during the year towards provident fund, pension scheme and employees' state insurance ('ESI') scheme are recognized in the statement of profit and loss.

ii) Defined benefit plan:

Company's liability towards gratuity in accordance with the Payment of Gratuity Act, 1972 is determined based on actuarial valuation using the Projected Unit Credit Method as at the reporting date.

c) All actuarial gains/losses in respect of post employment benefits are charged to Other Comprehensive Income.



Notes to financial statements

vi) Financial instruments

a. Recognition and initial measurement:

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 assets 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.

b. Classification:

Financial assets

On initial recognition, a financial asset is classified as measured at

1. Amortised cost;
2. Fair value through other comprehensive income (FVOCI) - debt instrument;
3. Fair value through other comprehensive income (FVOCI) - equity instrument;
4. Fair value through profit and loss (FVTPL)

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.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL :

1. The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
2. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

A debt instrument is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

1. The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and
2. The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI - equity investment). This election is made on an investment by investment basis.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirement to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets : Subsequent measurement and gains and losses

Financial assets at FVTPL : These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVTOCI : These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign gains and losses and impairment are recognised in profit or loss. Other net gain or loss are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI : These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial liabilities : Classification, subsequent measurement and gains and losses

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) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which subsequently all of the risk and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. If the Company enters into transaction whereby it transfers asset recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its term are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.



A handwritten signature in black ink, appearing to be "Ravi".

A handwritten signature in blue ink, appearing to be "Ravi".

Notes to financial statements

Offsetting

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

viii) 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.

b) Transition to Ind AS

On transition to Ind AS, the company has decided to continue with the carrying value of all its property, plant and equipment recognised as at April 1, 2015, measured as per previous GAAP and use that carrying amount as the deemed cost of such property, plant and equipment.

c) Subsequent Recognition

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

d) 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
<b>Tangible Assets</b>	
Buildings	5-30
Furniture & Fixtures	10
Plant & Equipment	15
Office equipments	5
Electrical Installations	10
Vehicles	6

ix) Intangible Assets

On transition to Ind AS, the company has decided to continue with the carrying value of all its Intangible asset recognised as at April 1, 2015, measured as per previous GAAP and use that carrying amount as the deemed cost of such Intangible asset.

a) Subsequent Recognition

Subsequent expenditure is capitalised only if it increases the future economic benefits embodied in the related specific asset. All other expenditure is recognised in profit or loss as incurred.

b) Amortisation

The company amortises the intangible assets over their estimated useful life using Straight-line method, and is included in Depreciation and amortisation in the Statement of Profit and Loss.

The useful life of the intangible assets are as follows:

Intangible Assets	
Asset	Estimate of Useful Life in Years
Softwares	5

x) Inventories

Raw materials and stores and spares are valued at lower of cost and net realizable value. However, these items are considered to be realizable at cost if the finished products, in which they will be used are expected to be sold at or above cost. Work-in-progress and finished goods are valued at lower of cost and net realizable value. Finished goods and work-in-progress include cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of inventories is determined at cost basis. Saleable scrap, whose cost is not identified, is valued at net realizable value. In the case of manufactured inventory, cost includes an appropriate share of fixed production overhead based on normal operating capacity.

xi) 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.



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Notes to financial statements

**xii) 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 that 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.

**xiii) Revenue**

Sale of Capital goods

Revenue from the sale of Capital goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of the Capital goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably. The timing of transfers of risk and rewards varies depending on the individual terms of sale.

**xiv) Borrowing costs**

Borrowing costs that are attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of such asset till such time the asset is ready for its intended use. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

**xv) 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.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments to :

1. The gross carrying amount of the financial asset; or
2. The amortised cost of the financial liability

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.

**xvi) Income tax**

Income tax comprises current and deferred tax. It is recognised in 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 be 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.

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.

**xvii) Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

1. Expected to be realised or intended to be sold or consumed in normal operating cycle, or
2. Held primarily for the purpose of trading, or
3. Expected to be realised within twelve months after the reporting period, or
4. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period





**Notes to financial statements**

All other assets are classified as non-current.

A liability is current when:

1. It is expected to be settled in normal operating cycle, or
2. It is held primarily for the purpose of trading, or
3. It is due to be settled within twelve months after the reporting period, or
4. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified its operating cycle as twelve months for capital goods .

**xviii) 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.

**xix) 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 know 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.

**xx) Earnings per share**

a. Basic earning per share Basic earnings per share is calculated by dividing:

1. The profit attributable to owners of the Company
2. 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

**xxi) Contingent liabilities**

The company recognizes contingent liability for disclosure in notes to accounts, if any of the following conditions is 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.

**xxii) 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.

**xxiii) Transition to IND AS**

These are the Company's first financial statements prepared in accordance with Ind AS

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016 and in the preparation of an opening Ind AS balance sheet as at April 1, 2015 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provision of the Act (previous GAAP or Indian GAAP). An explanation for how the transition from previous GAAP to IND AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.



**Notes to financial statements**

**a. Optional exemptions availed**

1. Property, plant and equipment and intangible assets

Ind AS 101 permits a first time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible assets.

Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value

2. Designation of previously recognized financial instruments

Under Ind AS 109, at initial recognition of a financial asset, an entity may make an irrevocable election to present subsequent changes in the fair value of an investment in an equity instrument in other comprehensive income. Ind AS 101 allows such designation of previously recognized financial assets, as 'fair value through other comprehensive income' on the basis of the facts and circumstances that existed at the date of transition to Ind AS.

**b. Mandatory exceptions**

1. Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 1, 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

2. Derecognition of financial assets and liabilities

Ind AS 101 requires a first time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first time adopter to apply the de-recognition requirement in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

3. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instrument) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.



Notes to financial statements

Reconciliation of Equity as at Transition Date - April 01, 2015

Rs.Lakhs

	Particulars	Notes	Previous GAAP	Adjustments	Ind AS
<b>ASSETS</b>					
<b>I</b>	<b>Non-Current Assets</b>				
(a)	Property, plant and equipment	1	315.90	-	315.90
(b)	Other Intangible assets	2	0.02	-	0.02
(c)	Financial assets	3	-	-	-
	(i) Loans	3 (a)	57.43	-	57.43
	(ii) Other financial assets	3 (b)	12.37	-	12.37
(d)	Deferred tax Assets		430.34	(104.52)	325.82
<b>A Total Non-Current Assets</b>			<b>816.06</b>	<b>(104.52)</b>	<b>711.54</b>
<b>II</b>	<b>Current Assets</b>				
(a)	Inventories	5	567.25	-	567.25
(b)	Financial Assets		-	-	-
	(i) Trade receivables	6 (a)	54.20	-	54.20
	(ii) Cash and cash equivalent	6 (b)	14.08	-	14.08
	(iii) Other financial assets	6 (c)	-	1.00	1.00
(c)	Other current assets	7	132.71	(1.00)	131.71
<b>B Total Current Assets</b>			<b>768.24</b>	<b>-</b>	<b>768.24</b>
<b>C TOTAL ASSETS (A)+(B)</b>			<b>1,584.30</b>	<b>(104.52)</b>	<b>1,479.78</b>
<b>EQUITY &amp; LIABILITIES</b>					
<b>I</b>	<b>Equity</b>				
(a)	Share Capital	8 (a)	610.00	-	610.00
(b)	Other Equity	8 (b)	(946.17)	(104.51)	(1,050.68)
<b>A Total Equity</b>			<b>(336.17)</b>	<b>(104.51)</b>	<b>(440.68)</b>
<b>II</b>	<b>Non-Current Liabilities</b>				
(a)	Financial Liabilities	9	-	-	-
	(i) Borrowings	9 (a)	590.15	-	590.15
	(ii) Other financial liabilities		-	-	-
(b)	Provisions	10	26.68	-	26.68
(c)	Deferred tax liabilities (net)		-	-	-
<b>B Total Non-Current Liabilities</b>			<b>616.83</b>	<b>-</b>	<b>616.83</b>
<b>III</b>	<b>Current Liabilities</b>				
(a)	Financial Liabilities				
	(i) Trade Payables	11	223.96	-	223.96
	(ii) Other financial liabilities		1,047.59	-	1,047.59
(b)	Other Current Liabilities	12	32.09	-	32.09
(c)	Current tax liabilities (net)		-	-	-
<b>C Total Current Liabilities</b>			<b>1,303.64</b>	<b>-</b>	<b>1,303.64</b>
<b>D TOTAL EQUITY &amp; LIABILITIES (A)+(B)+(C)</b>			<b>1,584.30</b>	<b>(104.51)</b>	<b>1,479.79</b>

Note: Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note



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Reconciliation of Equity as at - April 01, 2016

					Rs.Lakhs
	Particulars	Notes	Previous GAAP	Adjustments	Ind AS
<b>ASSETS</b>					
<b>I</b>	<b>Non-Current Assets</b>				
(a)	Property, plant and equipment	1	7,599.11	-	7,599.11
(b)	Other Intangible assets	2	0.02	-	0.02
(c)	Financial assets	3	-	-	-
	(i) Loans	3 (a)	-	-	-
	(ii) Other financial assets	3 (b)	11.93	-	11.93
(d)	Deferred tax Assets		432.07	(146.65)	285.42
<b>A Total Non-Current Assets</b>			<b>8,043.13</b>	<b>(146.65)</b>	<b>7,896.48</b>
<b>II</b>	<b>Current Assets</b>				
(a)	Inventories	5	4.49	-	4.49
(b)	Financial Assets				
	(i) Trade receivables	6 (a)	50.49	-	50.49
	(ii) Cash and cash equivalent	6 (b)	20.15	-	20.15
	(iii) Other financial assets	6 (c)	-	0.55	0.55
(c)	Other current assets	7	136.10	(0.54)	135.56
<b>B Total Current Assets</b>			<b>211.23</b>	<b>0.01</b>	<b>211.24</b>
<b>C TOTAL ASSETS (A)+(B)</b>			<b>8,254.36</b>	<b>(146.64)</b>	<b>8,107.72</b>
<b>EQUITY &amp; LIABILITIES</b>					
<b>I</b>	<b>Equity</b>				
(a)	Share Capital	8 (a)	610.00	-	610.00
(b)	Other Equity	8 (b)	6,088.18	(142.26)	5,945.92
<b>A Total Equity</b>			<b>6,698.18</b>	<b>(142.26)</b>	<b>6,555.92</b>
<b>II</b>	<b>Non-Current Liabilities</b>				
(a)	Financial Liabilities	9			
	(i) Borrowings	9 (a)	-	-	-
	(iii) Other financial liabilities		593.00	18.08	611.08
(b)	Provisions	10	26.44	-	26.44
(c)	Deferred tax liabilities (net)		-	-	-
<b>B Total Non-Current Liabilities</b>			<b>619.44</b>	<b>18.08</b>	<b>637.52</b>
<b>III</b>	<b>Current Liabilities</b>				
(a)	Financial Liabilities				
	(i) Trade Payables	11	117.33	-	117.33
(b)	Other Current Liabilities	12	819.42	(22.48)	796.94
<b>C Total Current Liabilities</b>			<b>936.75</b>	<b>(22.48)</b>	<b>914.27</b>
<b>D TOTAL EQUITY &amp; LIABILITIES (A)+(B)+(C)</b>			<b>8,254.37</b>	<b>(146.66)</b>	<b>8,107.71</b>

Note: Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note



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Reconciliation of Total Comprehensive Income as at Transition Date - March 31, 2016

		Rs.Lakhs			
	Particulars	Notes	Previous GAAP	Adjustments	Ind AS
<b>I</b>	<b>Income</b>				
(a)	Revenue from Operations		798.02	18.61	816.63
(b)	Other Income		45.30	22.18	67.48
	<b>A TOTAL INCOME</b>		<b>843.32</b>	<b>40.79</b>	<b>884.11</b>
<b>II</b>	<b>Expenses</b>				
(a)	Cost of raw materials and components consumed		403.26	-	403.26
(b)	Cost of manufacturing and construction		138.96	-	138.96
(c)	Changes in inventories of finished goods, stock in trade and work in progress		352.38	-	352.38
(d)	Excise Duty on sale of goods		-	18.61	18.61
(e)	Employee benefits expense		140.87	-	140.87
(f)	Depreciation and amortization expense		21.97	-	21.97
(g)	Other expenses		58.44	17.80	76.24
	<b>B TOTAL EXPENSES</b>		<b>1,115.88</b>	<b>36.41</b>	<b>1,152.29</b>
<b>C</b>	<b>PROFIT BEFORE EXCEPTIONAL ITEMS (A)-(B)</b>		<b>(272.56)</b>	<b>4.39</b>	<b>(268.17)</b>
<b>D</b>	<b>Exceptional Items</b>				-
<b>E</b>	<b>PROFIT/(LOSS) BEFORE TAX (C)-(D)</b>		<b>(272.56)</b>	<b>4.39</b>	<b>(268.17)</b>
<b>F</b>	<b>Tax Expenses</b>				
(i)	Current tax		-	-	-
(ii)	MAT credit entitlement		-	-	-
(iii)	Deferred tax		(1.73)	42.14	40.41
(iv)	Tax - Earlier years		-	-	-
<b>G</b>	<b>PROFIT/(LOSS) FOR THE YEAR (E)-(F)</b>		<b>(270.83)</b>	<b>(37.75)</b>	<b>(308.58)</b>
<b>H</b>	<b>Other Comprehensive Income</b>				-
<b>J</b>	<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR (G)+(I)</b>		<b>(270.83)</b>	<b>(37.75)</b>	<b>(308.58)</b>

Note: Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note

INCOME TAX RECONCILIATION

Particulars	Rs.Lakhs	
	As at March 31, 2017	As at March 31, 2016
Profit before Income Tax	60.03	(308.58)
Enacted Tax Rates in India	34.61%	34.61%
Computed expected Tax expense	20.78	-
Add:		
1. Depreciation and impairment as per books of account	18.56	-
	39.34	-
<b>Less : Admissible Expenses</b>		
1. Depreciation under the Income-tax Act	14.82	-
	24.52	-
Less : Carry forward business loss	24.24	-
<b>Income Tax Expense</b>	<b>0.28</b>	<b>-</b>

The applicable Indian statutory tax rate for fiscal 2017 and fiscal 2016 is 34.608%.



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Notes to financial statements

		Rs.Lakhs		
Particulars		31-Mar-17	31-Mar-16	1-Apr-15
3 (a)	<b>Loans (Secured considered good unless otherwise stated)</b>			
	Loans and advances to related party:	-	-	57.43
	<b>Total loans</b>	-	-	<b>57.43</b>
	Current	-	-	57.43
	Non-Current	-	-	-
	<b>Total financial assets carried at amortised</b>	-	-	<b>57.43</b>

3 (b) Other financial Assets

		Rs.Lakhs		
Particulars		31-Mar-17	31-Mar-16	1-Apr-15
	Security Deposits	13.10	11.93	12.37
	<b>Total Other financial Assets</b>	<b>13.10</b>	<b>11.93</b>	<b>12.37</b>

4 Deferred taxes

Major components of deferred tax assets and liabilities are as under:

							Rs.Lakhs
Particulars		Deferred tax asset as at March 31, 2017	Deferred tax liability as at March 31, 2017	Deferred tax asset as at March 31, 2016	Deferred tax liability as at March 31, 2016	Deferred tax asset as at April 1, 2015	Deferred tax liability as at April 1, 2015
	Depreciation and impairment	-	29.96	-	31.26	421.52	-
	Gratuity	(9.15)	-	(9.15)	-	-	(8.82)
	<b>Total</b>	<b>(9.15)</b>	<b>29.96</b>	<b>(9.15)</b>	<b>31.26</b>	<b>421.52</b>	<b>(8.82)</b>
	<b>Net</b>	<b>(39.11)</b>	<b>-</b>	<b>(40.41)</b>	<b>-</b>	<b>430.34</b>	<b>-</b>
	<b>Transferred to Retained Earnings</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(104.52)</b>	<b>-</b>
	<b>P&amp;L impact</b>	<b>(39.11)</b>	<b>-</b>	<b>(40.41)</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Balance Sheet</b>	<b>246.31</b>	<b>-</b>	<b>285.42</b>	<b>-</b>	<b>325.82</b>	<b>-</b>

5 Inventories

		Rs.Lakhs		
Particulars		31-Mar-17	31-Mar-16	1-Apr-15
	Raw materials and components	-	-	209.63
	Work-in-progress	-	-	352.38
	Loose tools	-	4.49	5.24
	<b>Total of inventories at lower of cost or net realisable value</b>	<b>-</b>	<b>4.49</b>	<b>567.25</b>

Current Assets

6 Financial Assets

		Rs.Lakhs		
Particulars		31-Mar-17	31-Mar-16	1-Apr-15
6 (a)	<b>Trade receivables</b>			
	<b>Unsecured Considered good</b>			
	Trade receivables from related parties	25.83	48.98	49.94
	Receivables from other than related parties	-	1.51	4.26
	Less: Allowance for Credit Loss	-	-	-
	<b>Total Trade receivables</b>	<b>25.83</b>	<b>50.49</b>	<b>54.20</b>

		Rs.Lakhs		
Particulars		31-Mar-17	31-Mar-16	1-Apr-15
6 (b)	<b>Cash and cash equivalent</b>			
	Balances with banks:			
	- On current accounts	8.68	17.38	3.20
	- On deposits accounts	-	2.23	5.36
	Cheques/ drafts on hand	-	-	-
	Cash on hand	0.11	0.54	0.15
	Margin money deposits held under lien to banks	-	-	5.37
	On unpaid dividend accounts	-	-	-
	<b>Total Cash and cash equivalent</b>	<b>8.79</b>	<b>20.15</b>	<b>14.08</b>

		Rs.Lakhs		
Particulars		31-Mar-17	31-Mar-16	1-Apr-15
6 (c)	<b>Other Financial Assets</b>			
	Interest accrued on fixed deposits	-	0.55	1.00
	<b>Total Other Current Assets</b>	<b>-</b>	<b>0.55</b>	<b>1.00</b>

		Rs.Lakhs		
Particulars		31-Mar-17	31-Mar-16	1-Apr-15
7	<b>Other Current Assets</b>			
	Prepayments	37.00	135.56	131.71
	<b>Total Other Current Assets</b>	<b>37.00</b>	<b>135.56</b>	<b>131.71</b>



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Notes to financial statements

8 (a) Share Capital

Authorised Share Capital		Rs.Lakhs
Particulars		Equity Shares
At 1 April 2015		700
Increase /Decrease during the year		-
At 31 March 2016		700
Increase /Decrease during the year		-
At 31 March 2017		700

Issued equity capital

Equity shares Issued, Subscribed and fully paid		
Particulars		
At 1 April 2015		610
Changes during the period		-
At 31 March 2016		610
Changes during the period		-
At 31 March 2017		610

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

Particulars	Rs.Lakhs					
	As at April 1, 2015		As at March 31, 2016		As at March 31, 2017	
	No.of Shares	Amount	No.of Shares	Amount	No.of Shares	Amount
Outstanding at the beginning of the year	61,00,070	610	61,00,070	610	61,00,070	610
Issued during the year - Employee Stock Option Scheme	-	-	-	-	-	-
Outstanding at the end of the year	61,00,070	610	61,00,070	610	61,00,070	610

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

Particulars	March 31, 2017		March 31, 2016		March 31, 2015	
	No. of Shares	% held	No. of Shares	% held	No. of Shares	% held
BGR Energy Systems Limited	42,50,000	69.67	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	18,50,039	30.33

Non-Current Liabilities

9 Financial Liabilities

9 (a) Borrowings

Non-Current Borrowings	Rs.Lakhs		
	31-Mar-17	31-Mar-16	1-Apr-15
Unsecured	-	-	557.42
Others - Interest free Sales Tax loan	-	-	32.73
<b>Total Non-Current Borrowings</b>	-	-	<b>590.15</b>

9 (b) Other Financial Liabilities

Other Financial Liabilities	Rs.Lakhs		
	31-Mar-17	31-Mar-16	1-Apr-15
Rental deposit	684.40	611.08	-
<b>Total</b>	<b>684.40</b>	<b>611.08</b>	-

10 Provisions

Non Current Provisions	Rs.Lakhs		
	31-Mar-17	31-Mar-16	1-Apr-15
Provision for gratuity	26.44	26.44	26.68
<b>Total Non Current Provisions</b>	<b>26.44</b>	<b>26.44</b>	<b>26.68</b>

11 Trade Payables

Trade Payables	Rs.Lakhs		
	31-Mar-17	31-Mar-16	1-Apr-15
Micro and small enterprises	-	0.23	2.82
Others			
Trade Payables	-	117.10	221.14
Trade Payables to Related Parties			
<b>Total Trade Payables</b>	-	<b>117.33</b>	<b>223.96</b>

Trade Payables Current	-	117.33	223.96
Trade Payables Non Current	-	-	-

Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006.

On the basis of confirmation obtained from suppliers who have registered themselves under the Micro, Small and Medium Enterprise Development Act, 2006 (MSMED Act, 2006) and based on the information available with the Company, the following are the details:

Particulars	Rs.Lakhs		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Principal amount remaining unpaid	-	0.23	2.82
Interest due thereon remaining unpaid	-	-	-
Interest paid to the supplier	-	-	-
Payments made to the supplier beyond the appointed day during the year	-	-	-
Interest due and payable for the period of delay in making payment without	-	-	-
Interest accrued and remaining unpaid	-	-	-
Amount of further interest remaining due and payable in succeeding years	-	-	-



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Notes to financial statements

		Rs.Lakhs		
12	<b>Other Current Liabilities</b>	<b>31-Mar-17</b>	<b>31-Mar-16</b>	<b>1-Apr-15</b>
	Advance from customers	319.04	402.93	1,047.59
	Rent received in advance	295.80	384.54	-
	Other payables *	9.08	9.47	32.08
	<b>Total Other Current Liabilities</b>	<b>623.92</b>	<b>796.94</b>	<b>1,079.67</b>

\* Other payables include Sales tax payable and other outstanding Liabilities

		Rs.Lakhs	
13	<b>Revenue from operations:</b>	<b>31-Mar-17</b>	<b>31-Mar-16</b>
	Sale of manufactured goods (including excise duty)	2.69	803.19
	Other operating revenues	-	13.44
	<b>Total</b>	<b>2.69</b>	<b>816.63</b>

		Rs.Lakhs	
14	<b>Other income</b>	<b>31-Mar-17</b>	<b>31-Mar-16</b>
	Fair value gain on financial instruments at fair value through profit or loss	88.74	22.18
	Lease rental income	183.00	45.00
	<b>Finance Income</b>		
	Interest income from financial assets at amortised cost	2.02	0.30
	<b>Total Income</b>	<b>273.76</b>	<b>67.48</b>

		Rs.Lakhs	
15	<b>Cost of raw material and components consumed</b>	<b>31-Mar-17</b>	<b>31-Mar-16</b>
	Opening inventory	-	209.63
	(Raw materials, consumables, bought outs and components)		
	Add : Purchases	-	193.63
		-	403.26
	Less: Closing inventory	-	-
	(Raw materials, consumables, bought outs and components)		
	<b>Cost of raw material and components consumed</b>	<b>-</b>	<b>403.26</b>

		Rs.Lakhs	
<b>Details of raw materials and components consumed</b>		<b>Mar 31, 2017</b>	<b>Mar 31, 2016</b>
		<b>Rs. in lakhs</b>	<b>Rs. in lakhs</b>
	Raw materials	-	352.99
	Consumables	-	50.27
		-	403.26

		Rs.Lakhs			
	<b>Value of raw material and components consumed during the year</b>	<b>For the year ended March 31, 2017</b>	<b>%</b>	<b>For the year ended March 31, 2016</b>	<b>%</b>
	Imported	-	-	-	-
	Indigenous	-	-	(403.26)	100.00
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>(403.26)</b>	<b>100.00</b>

		Rs.Lakhs	
16	<b>Cost of manufacturing and construction</b>	<b>31-Mar-17</b>	<b>31-Mar-16</b>
	Subcontracting and processing charges	-	109.06
	Power and fuel	-	29.90
	<b>Cost of manufacturing and construction</b>	<b>-</b>	<b>138.96</b>

		Rs.Lakhs	
17	<b>Employee benefits expense</b>	<b>31-Mar-17</b>	<b>31-Mar-16</b>
	Salaries, allowances and bonus	-	123.42
	Contribution to P.F., E.S.I.	-	5.06
	Workmen and staff welfare expenses	-	9.05
	Compensated Absences	-	3.34
	<b>Employee benefits expense</b>	<b>-</b>	<b>140.87</b>



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Notes to financial statements

		Rs.Lakhs	
18 Depreciation and amortization expense	31-Mar-17	31-Mar-16	
Depreciation of tangible assets	18.56	21.97	
Amortization of intangible assets	-	-	
<b>Depreciation and amortization expense</b>	<b>18.56</b>	<b>21.97</b>	

		Rs.Lakhs	
19 Other expenses	31-Mar-17	31-Mar-16	
Payment to auditors (refer details below)	2.00	1.55	
Bank charges	0.04	0.19	
Conveyance and vehicle running expenses	0.04	6.17	
Electricity charges	-	6.39	
Insurance	2.35	3.58	
Other administrative expenses	0.93	2.26	
Notional Rent	73.33	17.80	
Professional charges	0.50	0.88	
Rates and taxes	7.17	2.46	
Repairs and maintenance			
- Building	-	1.92	
- Machinery	-	2.24	
- Others	2.33	9.68	
Packing & Forwarding expenses	-	3.36	
Security charges	-	9.83	
Telephone expenses	0.39	1.55	
Travelling expenses			
- Domestic	-	0.60	
Tools and equipments written off	4.49	1.12	
Other Written off	101.11	-	
Subscription	3.18	4.66	
<b>Total Other expenses</b>	<b>197.86</b>	<b>76.24</b>	

		Rs.Lakhs	
Payment to auditors	31-Mar-17	31-Mar-16	
- For audit fees	1.30	1.03	
- For tax matters	0.70	0.52	
- For certification and others	-	-	
<b>Total Payment to Auditors</b>	<b>2.00</b>	<b>1.55</b>	

20 Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computation :

Particulars	Rs.Lakhs	
	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
<b>Basic EPS</b>		
Profit after tax as per accounts	20.92	(308.58)
Weighted average number of equity shares (face value Rs.10 per share) (lakh Nos.)	61.00	61.00
Basic EPS (Rs.)	0.34	(5.06)
<b>Diluted EPS</b>		
Profit for the year for basic EPS	20.92	(308.58)
Less : Adjustment	-	-
Adjusted profit for diluted EPS	20.92	(308.58)
Weighted average number of equity shares for Basic EPS (lakh Nos.)	61.00	61.00
Add : Adjustment	-	-
Employee Stock Option Plan	-	-
Weighted average number of equity shares (face value Rs.10 per share) for diluted EPS (lakh Nos.)	61.00	61.00
Diluted EPS (Rs.)	0.34	(5.06)



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**21 Employee Benefits**

As per Ind AS -19 " Employee Benefits", the disclosure of employee benefits are given below:

**Defined contribution plan:**

Particulars	Rs.Lakhs	
	2016-17	2015-16
Employer's contribution to Provident fund	-	2.20
Employer's contribution to pension scheme	-	2.33
Employer's contribution to employee's state insurance	-	0.11

**Defined benefit plan and other long term employee benefits:**

**Gratuity plan**

The company operates gratuity plan wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service.

**Reconciliation of opening and closing balances of the present value of the defined benefit obligation**

Particulars	Rs.Lakhs		
	Gratuity (non-funded)		
	As of March 31, 2017	As of March 31, 2016	As of April 1, 2015
Projected benefit obligation at the beginning of the year	26.95	26.95	26.30
Service cost	-	-	2.23
Interest cost	-	-	2.30
Remeasurement (gain)/loss	-	-	(1.82)
Benefits paid	-	-	(2.06)
<b>Projected benefit obligation at the end of the year</b>	<b>26.95</b>	<b>26.95</b>	<b>26.95</b>

**Amount recognised in the Balance sheet**

Particulars	Rs.Lakhs		
	Gratuity (non-funded)		
	As of March 31, 2017	As of March 31, 2016	As of April 1, 2015
Present value of projected benefit obligation at the end of the year	26.95	26.95	26.95
Fair value of plan assets at the end of the year	-	-	-
Funded status amount of liability recognised in the Balance Sheet	26.95	26.95	26.95
Current Liability	26.95	26.95	26.95
Non Current Liability	-	-	-

**Summary of actuarial assumptions**

Particulars	Rs.Lakhs		
	Gratuity (non-funded)		
	As of March 31, 2017	As of March 31, 2016	As of April 1, 2015
Mortality table (LIC)	-	-	Ultimate (06-08)
Discount rate (per annum)	-	-	7.70%
Expected rate of return on plan assets (per annum)	-	-	0.00%
Rate of escalation in salary (per annum)	-	-	5.00%
Attrition	-	-	5.00%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors. The discount rate has been chosen by reference to market yields on Government bonds. The above information is certified by an actuary.

The overall expected rate of return on assets is determined based on the market prices prevailing on the date applicable to the period over which the obligation is to be settled.

**The expected cash flows over the next few years are as follows :**

Year	Rs.Lakhs
	Gratuity (non-funded) Amount
1 year	1.67
2 to 5 years	9.23
6 to 10 years	6.18
More than 10 years	9.86



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Notes to financial statements

**Sensitivity analysis of significant actuarial assumptions**

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below

Particulars	Gratuity (non-funded)		
	As of March 31, 2017	As of March 31, 2016	As of April 1, 2015
	% increase in Defined Benefit Obligation		
Discount rate + 100 basis points	0.00%	0.00%	-7.91%
Discount rate - 100 basis points	0.00%	0.00%	6.58%
Salary growth rate + 100 basis points	0.00%	0.00%	5.22%
Salary growth rate - 100 basis points	0.00%	0.00%	-6.84%
Attrition Rate + 100 basis points	0.00%	0.00%	0.13%
Attrition Rate - 100 basis points	0.00%	0.00%	-2.42%
Mortality Rate 10% UP	0.00%	0.00%	-1.03%

While one of the parameters mentioned above is changed by 100 basis points, other parameters are kept unchanged for evaluating the defined benefit obligation. While there is no change in the method used for sensitivity analysis from previous period, the change in assumptions now considered are with reference to the current assumptions.

**22 Financial Instruments**

The Carrying Value and Fair Value of Financial Instruments as of March 31, 2017 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
<b>ASSETS</b>					
Cash & Cash Equivalents	8.79			8.79	8.79
Trade Receivables	25.83			25.83	25.83
Loans	-			-	-
Other Financial Assets	13.10			13.10	13.10
<b>Total</b>	<b>47.72</b>	<b>-</b>	<b>-</b>	<b>47.72</b>	<b>47.72</b>
<b>LIABILITIES</b>					
Trade Payables	-			-	-
Other Financial Liabilities	-	684.40		1,000.00	684.40
<b>Total</b>	<b>-</b>	<b>684.40</b>	<b>-</b>	<b>1,000.00</b>	<b>684.40</b>

The Carrying Value and Fair Value of Financial Instruments as of March 31, 2016 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
<b>ASSETS</b>					
Cash & Cash Equivalents	20.15			20.15	20.15
Trade Receivables	50.49			50.49	50.49
Loans	-			-	-
Other Financial Assets	12.48			12.48	12.48
<b>Total</b>	<b>83.12</b>	<b>-</b>	<b>-</b>	<b>83.12</b>	<b>83.12</b>
<b>LIABILITIES</b>					
Trade Payables	117.33			117.33	117.33
Other Financial Liabilities	-	611.08		1,000.00	611.08
<b>Total</b>	<b>117.33</b>	<b>611.08</b>	<b>-</b>	<b>1,117.33</b>	<b>728.41</b>

The Carrying Value and Fair Value of Financial Instruments as of April 1, 2015 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
<b>ASSETS</b>					
Cash & Cash Equivalents	14.08			14.08	14.08
Trade Receivables	54.20			54.20	54.20
Loans	57.43			57.43	57.43
Other Financial Assets	13.37			13.37	13.37
<b>Total</b>	<b>139.08</b>	<b>-</b>	<b>-</b>	<b>139.08</b>	<b>139.08</b>
<b>LIABILITIES</b>					
Borrowings	590.15			590.15	590.15
Trade Payables	223.96			223.96	223.96
Other Financial Liabilities	-			-	-
<b>Total</b>	<b>814.11</b>	<b>-</b>	<b>-</b>	<b>814.11</b>	<b>814.11</b>



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Notes to financial statements

23 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 31,2017

Fair Value Measurement at the end of the reporting period	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>ASSETS</b>			
Rental Deposits	Level 3	Level 3	Level 3

24 Risk Management Strategies

Financial risk management:

The Company's activities exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks.

Market risk

Market risk is the risk of loss of future earnings or fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign exchange rates and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables. The company is exposed to market risk primarily related to foreign exchange rate risk (currency risk), interest rate risk and the market value of its investments. Thus the Company's exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currencies.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial instruments.

Trade receivables

Outstanding customer receivables are regularly monitored. The maximum exposure to the credit risk at reporting date is primarily from trade receivables amounting to Rs. 25.31 lakhs.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's objective is to maintain a balance between continuity of funding and flexibility through the revenue from operations and other income

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Rs. In lakhs
						Total
Rental deposits			1,000.00			1,000.00

Collateral risk

Refer Note No.29 (ii) (b) The Company's Land has been offered as a collateral security to BGR Energy Systems Limited (Holding Company) lender Syndicate Bank towards corporate loan availed by them.

25 Leases

Operating Leases

The company has given various residential / commercial premises and land under cancellable and non-cancellable operating leases. These lease agreements are normally renewed on expiry.

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

Particulars	Rs.Lakhs	
	Minimum lease receipts	
	March 31,2017	March 31,2016
Due within one year	110.25	120.00
Due later than one year and not later than five years	-	-
Due later than five years	-	-
<b>Total</b>	<b>110.25</b>	<b>120.00</b>

Lease rental income in respect of operating leases recognized in the statement of profit and loss for the year: Rs. 183.00 lakhs (Rs. 45.00 lakhs)  
The Lease Income for the year ended March 31, 2017 is subject to an escalation clause of 5%.



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Notes to financial statements

26 Related party transactions

List of related Parties

a. Holding company

- i. BGR Energy Systems Limited.

b. Associate company – Nil

c. Other companies

(enterprises where significant influence exists and enterprises where key management personnel have significant influence)

- i. BGR Boilers Private Limited
- ii. Schmitz India Private Limited

e. Key Management Personnel

- i) Mr.R.Ramesh Kumar Director
- ii) Mrs.Swarnamugi Karthik Director
- iii) Mr.A.Swaminathan Director
- iv) Mr.P R Easwar Kumar Director

Related party transactions

Rs.Lakhs

(Information provided in respect of revenue items for the year ended Mar 31, 2017 and in respect of assets / liabilities as at Mar 31, 2017)

Particulars	Holding Company	Other Companies	2016-17	2015-16	2014-15
Sales	-	-	-	757.65	1,214.50
Lease Rental Income	183.00	-	183.00	45.00	-
Repayment of unsecured loan	-	-	-	557.42	-
Repayment of advance received	78.00	6.00	84.00	172.77	-
Lease Rental deposit received	-	-	-	(1,000.00)	-
Purchases	-	-	-	-	-
Investments made	-	-	-	-	-
Sale of Investments	-	-	-	-	-
Remuneration	-	-	-	-	-
Rent expenses	-	-	-	-	-
Purchase of fixed assets	-	-	-	-	-
Sale of fixed assets	-	-	-	-	-
Others	-	-	-	1.86	7.76
Advances given	-	-	-	(57.43)	-
Repayment of advance given	-	-	-	-	-
Guarantees	-	-	-	-	-
Balances outstanding	-	-	-	-	-

Party-wise disclosure of related party transactions:

1. Lease rental Income represents lease rent for factory from BGR Energy Systems Limited Rs.183.00 lakhs (Rs.45.00 lakhs)
- 2.Repayment of advance to BGR Energy Systems Limited Rs.78.00 lakhs ( Rs.172.77.00 lakhs)
- 3.Repayment of advance to BGR Boilers Private Limited Rs.6.00 lakhs ( Rs..87.35 lakhs)

27 Impairment of assets

a. Cash generating units :

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

b. Other assets :

The company has made a provision of Rs. Nil (Rs. Nil) in the books of accounts towards impairment of other fixed assets based on the technical valuation.



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Notes to financial statements

28 Disclosure on Specified Bank Notes (SBNs)

During the year, the Company had specified bank notes or other denomination notes as defined in the MCA notification G.S.R 308 (E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the notification is given below.

Particulars	SBNs *	Other denomination notes	Rs.
			Total
Closing cash in hand as on November 8, 2016	4,000	1,781	5,781
(+) Permitted receipts	-	20,000	20,000
(-) Permitted payments	-	15,000	15,000
(-) Amount deposited in Banks	4,000	-	4,000
<b>Closing cash in hand as on December 30, 2016</b>	<b>-</b>	<b>6781</b>	<b>6781</b>

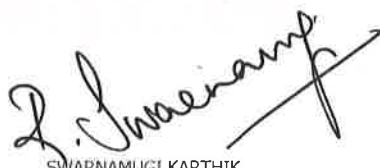
\* For the purposes of this clause, the term "Specified Bank Notes" shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O 3407 (E), dated the 8th November, 2016.

29 Previous year figures

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

See accompanying notes to the financial statements


As per our Report of even date for M/s. CNGSN & ASSOCIATES LLP, CHARTERED ACCOUNTANTS Firm Reg. No.49155/5200036



SWARNAMUGI KARTHIK  
DIRECTOR



A. SWAMINATHAN  
DIRECTOR



B . RAMAKRISHNAN  
PARTNER M. No: 201023

CHENNAI  
DATE: 25.05.2017




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