



BGR ENERGY SYSTEMS LIMITED
443 ANNA SALAI, TEYNAMPET, CHENNAI 600018 INDIA
TEL: 91 44 24301000, 24374000, FAX: 91 44 24360576
Web site: www.bgrcorp.com

July 2, 2024

**National Stock Exchange of India Limited
Listing Department**

Exchange Plaza, Bandra Kurla Complex
Bandra (E)
Mumbai 400 051

Dear Sir / Madam,

**Sub: Clarification for Financial Results submitted
for the Quarter Ended 31st March 2024**

We have filed the Audited Standalone and Consolidated Financial results for the quarter ended 31.03.2024 on 30.05.2024 after our Board Meeting. We have received the communication for Query/Clarification on the financial results for the said quarter through email communication (neaps@nse.co.in) from Listing Compliance Department (NSE) dated 26.06.2024. The query and our response is stated below.

QUERY: The company has not submitted the Statement of Modified Opinion or in case of unmodified opinion(s), a declaration to that effect to the Stock Exchange.

RESPONSE:

The Company has disclosed/submitted the Statement of Modified Opinion for Standalone and Consolidated Financial results for the quarter ended 31st March 2024 in a consolidated manner. With reference to your email communication and telephonic conversation, we are hereby submitting the same as separate disclosures for Standalone and Consolidated Audited Financial results for the Quarter ended 31.03.2024.

We request you to kindly take this into your records and close this query.

Thanking you,

Yours truly,
for **BGR Energy Systems Limited**

S. Sundar
Company Secretary & Compliance Officer

Encl: as above

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along with Annual Audited Financial Results - (Standalone)

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2024 [Regulation 33(3)(d) of the SEBI (LODR)(Amendment)Regulations,2016]				
I.	Sl. No.	Particulars	Audited Figures (as reported Before adjusting For qualifications) Rs Lakhs	Adjusted Figures (audited figures after Adjusting for qualifications) Rs Lakhs
	1.	Turnover/Total income	112035	112035
	2.	Total Expenditure	179715	179715
	3.	Net Profit/(Loss)	(75215)	(75215)
	4.	Earnings Per Share	(104.23)	(104.23)
	5.	Total Assets	428266	428266
	6.	Total Liabilities	462613	462613
	7.	Net Worth	(34347)	(34347)
	8.	Any other financial item(s)(as felt appropriate by the management)	Nil	Nil

II. Audit Qualification: (each qualification separately)

Details of Audit Qualification:

1. MATERIAL UNCERTAINTY RELATING TO GOING CONCERN:

The following events and/or transactions occurred during the period has created substantial doubt about the company's ability to continue as a going concern in the future, typically one year from the date of this financial statements, mainly:

- Classification of working capital borrowings held with Banks as "non-performing assets", by all the lender Banks, despite regular servicing of interest obligation;
- Operational cash losses and working capital deficit on account of variable and fixed overheads (incl. finance cost and admin expenses);
- Termination/Short-Closure of material orders of the company other than present ongoing projects, which are under near completion and invocation of performance and advance bank guarantees issued thereon;
- The company has incurred net loss of Rs.74669 lakhs during the period ended 31st March,2024 and has accumulated losses amounting to Rs.41563 lakhs, which resulted in erosion in net worth of the company;
- Resignation of Company's Key Managerial Personnel and Non- Executive Independent Directors of the Company on the Board of the Company;

The Company's Board of Directors are proposing to overcome the facts and conditions without elaborating on access to additional capital, infusion of funds by the promoter group and plans to reduce or delay expenditures.

In light of the significant events or conditions outlined above, we are of the view that the assumption as going concern of the company made by the management is inappropriate.



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As a result of the aforesaid matters and on account of material uncertainties, we could not readily ascertain the possible material adjustments that may be required to be made in the value of recorded assets and liabilities and contingent liabilities, as at March 31, 2024 and in respect of corresponding possible impact on the statement of profit and loss account (ie., financial performance) for the period ended on that date, could not be recorded in this standalone audited financial results.

b. **Type of Audit Qualification:** (*Qualified Opinion/ Disclaimer of Opinion/ Adverse Opinion*) – Adverse Opinion

c. **Frequency of qualification:** (Whether appeared first time/repetitive/since how long continuing) – First time

d. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:** Impact not quantified by the Auditor.

e. **For Audit Qualification(s) where the impact is not quantified by the auditor:** Not quantifiable.

I) **Management's estimation on the impact of audit qualification:** Not quantifiable.

II) **If management is unable to estimate the impact, reasons for the same:**

For Material Uncertainty relating to Going Concern

The Promoters have infused unsecured loan, which is in excess of accumulated losses for the year ended as on 31st March 2024

Though there has been encashment of Bank Guarantees, the Company is continuing to execute the contracts and are hopeful of amicable solutions.

The Company is in discussions with the Bankers for restructuring package.

Based on the above, the Company is of the opinion that the accounts will be stated on Going Concern basis.


(iii) **Auditors' Comments on (i) or (ii) above:**

Auditor's Comments:

We are guided by para 23 of 'Standards on Auditing (SAs)-570 Going Concern' issued by the ICAI, which requires the auditor to express a modified opinion with regard to material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern and that the financial statements do not adequately disclose this matter.

In the absence of the definite management's plan, we have expressed an Adverse Opinion on the Audit of Financial Statements of the Company/Group.

III) **Signatories:**



CEO/Managing Director



Audit Committee Chairman

Place: Chennai


CFO

For ANAND & PONNAPPAN
CHARTERED ACCOUNTANTS
(FERN:000111S)

Statutory Auditors

(R. PONNAPPAN)
Date: 30.05.2024
21695
PARTNER



Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along with Annual Audited Financial Results - (Consolidated)

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2024 [Regulation 33(3)(d) of the SEBI (LODR)(Amendment)Regulations,2016]		
Particulars	Audited Figures (as reported Before adjusting For qualifications) Rs Lakhs	Adjusted Figures (audited figures after Adjusting for qualifications) Rs Lakhs
Turnover/Total income	112142	112142
Total Expenditure	180686	180686
Net Profit/(Loss)	(76080)	(76080)
Earnings Per Share	(105.07)	(105.07)
Total Assets	435822	435822
Total Liabilities	506448	506448
Net Worth	(66084)	(66084)
Any other financial item(s)(as felt appropriate by the management)	Nil	Nil

II) Audit Qualification: (each qualification separately)

a. Details of Audit Qualification:

1. UN-AUDITED OF FINANCIAL STATEMENTS OF SUBSIDIARY:

Attention is drawn to Note No.6 to the Consolidated Financial Results, wherein the financial results include unaudited financial results and other financial information of material subsidiaries, namely, BGR Boilers Private Limited for the financial year ended 31st March,2022, 2023 & 2024 and BGR Turbines Company Private Limited for the financial year ended 31st March,2023 & 2024. These unaudited financial results as approved by the Board of Directors of the subsidiary company have been furnished to us by the Management of the Holding Company and our report in so far as it relates to the amounts included in respect of this subsidiary are based solely on such unaudited financial results. we are unable to comment on adjustments that may have been required to the accompanying consolidated financial results had such unaudited financial results been audited.

2. MATERIAL UNCERTAINTY RELATING TO GOING CONCERN:

The following events and/or transactions occurred during the period has created substantial doubt about the Group's ability to continue as a going concern in the future, typically one year from the date of this financial statements, mainly:

- Classification of working capital borrowings held with Banks as "non-performing assets", by all the lender Banks, despite regular servicing of interest obligation;
- Operational cash losses and working capital deficit on account of variable and fixed overheads (incl. finance cost and admin expenses);
- Termination/Short-Closure of material orders of the company other than present ongoing projects, which are under near completion and invocation of performance and advance bank guarantees issued thereon;



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- The Group has incurred net loss of Rs.75535 lakhs during the period ended 31st March,2024 and has accumulated losses amounting to Rs. 73300 lakhs, which resulted in erosion in net worth of the company;
- Resignation of Company's Key Managerial Personnel and Non-Executive Independent Directors of the Company on the Board of the Group;

The Group's Board of Directors are proposing to overcome the facts and conditions without elaborating on access to additional capital, infusion of funds by the promoter group and plans to reduce or delay expenditures.

In light of the significant events or conditions outlined above, we are of the view that the assumption as going concern of the company made by the management is inappropriate.

As a result of the aforesaid matters and on account of material uncertainties, we could not readily ascertain the possible material adjustments that may be required to be made in the value of recorded assets and liabilities and contingent liabilities, as at March 31,2024 and in respect of corresponding possible impact on the statement of profit and loss account (ie., financial performance) for the period ended on that date, could not be recorded in this consolidate audited financial results.

b. **Type of Audit Qualification:** *(Qualified Opinion/ Disclaimer of Opinion/ Adverse Opinion)* – Adverse Opinion

c. **Frequency of qualification:** (Whether appeared first time/repetitive/since how long continuing) – First time

d. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:** Impact not quantified by the Auditor.

e. **For Audit Qualification(s) where the impact is not quantified by the auditor:**

(i) **Management's estimation on the impact of audit qualification:** Not quantifiable.

(ii) If management is unable to estimate the impact, reasons for the same:

For Material Uncertainty relating to Going Concern

The Promoters have infused unsecured loan, which is in excess of accumulated losses for the year ended as on 31st March 2024

Though there has been encashment of Bank Guarantees, the Company is continuing to execute the contracts and are hopeful of amicable solutions.

The Company is in discussions with the Bankers for restructuring package.

Based on the above, the Company is of the opinion that the accounts will be stated on Going Concern basis.



For Un-Audited of Financial Statements of Subsidiary

The Auditors' Qualification is a mere statement of fact due to delay in the completion of the audit of financial statements of the Subsidiaries namely,

- M/s BGR Boilers Private Limited for the year ended 31st March, 2022, 31st March, 2023 & 31st March, 2024 and
- M/s BGR Turbines Company Private Limited for the year ended 31st March, 2023 & 31st March, 2024

Due to pending completion, the Board of Directors has adopted the unaudited results. In the Opinion of the Board of Directors, the variations between the audited and un audited financial results/financial information is not material considering the nature and size of the company.

(iii) Auditors' Comments on (i) or (ii) above:

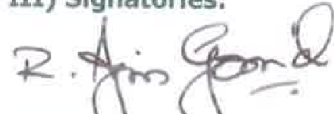
For Material Uncertainty relating to Going Concern

We are guided by para 23 of 'Standards on Auditing (SAs)-570 Going Concern' issued by the ICAI, which requires the auditor to express a modified opinion with regard to material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern and that the financial statements do not adequately disclose this matter. In the absence of the definite management's plan, we have expressed an Adverse Opinion on the Audit of Financial Statements of the Company/Group.

For Un-Audited of Financial Statements of Subsidiary

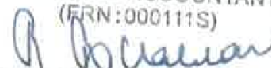
We concur with views of the Management/Board of the Directors and have no further comments.

III) Signatories:


CEO/Managing Director


Audit Committee Chairman


CFO

For ANAND & PONNAPPAN
CHARTERED ACCOUNTANTS
(FERN:000111S)

Statutory Auditors
(R. PONNAPPAN)
MEMB No.:021595
PARTNER



Place: Chennai

Date: 30.05.2024