



BGR Energy Systems Limited

Regd. Office: A-5, Pannamgadu Industrial Estate, Ramapuram Post, Sullurpet Taluk, Nellore District, Pin: 524401 Andhra Pradesh

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Notice to the Members of BGR Energy Systems Limited

Notice is hereby given that an Extra Ordinary General Meeting of the members of BGR Energy Systems Limited will be held at the Registered Office at A-5, Pannamgadu Industrial Estate, Ramapuram Post, Sullurpet Taluk, Nellore District, Andhra Pradesh – 524 401 at 3.00 p.m. on Friday, January 28, 2011 to transact the following Special Business.

SPECIAL BUSINESS

1. To consider and, if deemed fit, to pass the following resolution, with or without modification, as Special Resolution.

“RESOLVED that pursuant to the provisions of Section 61 and other applicable provisions, if any of the Companies Act, 1956, and subject to approval of Securities and Exchange Board of India, National Stock Exchange of India and Bombay Stock Exchange and other authorities, as may be necessary, approval of the Company be and is hereby accorded for modification of the utilization of IPO proceeds as set out hereunder.

(₹ in Crore)

Sl. No.	Expenditure Items	Estimated amount to be financed as per Prospectus	Amount already utilized.	Amount proposed to be utilized.
1	Augment long term working capital requirements.	125.00	125.00	65.12
2	Establish manufacturing and assembly facilities.	54.00	Nil	Nil
3	Fund expenditure for general corporate purposes.	11.12	Nil	Nil
	Total	190.12	125.00	65.12

“RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, expedient or incidental for the purpose of giving effect to this resolution and to secure approval, if any from statutory and non-statutory authorities.”

2. To consider and, if deemed fit, to pass the following resolution, with or without modification, as Special Resolution.

“RESOLVED that pursuant to provisions of Section 314(1B) read with Director's Relatives (Office or Place of Profit) Rules, 2003 and all other applicable provisions, if any of the Companies Act, 1956 and subject to the approval of the Central Government, consent of the company be and is hereby accorded to the appointment of Ms. Swarnamugi Karthik, daughter of Mr.B.G. Raghupathy, Chairman & Managing Director and Mrs. Sasikala Raghupathy, Director of the Company, to hold and continue to hold an Office or Place of Profit as “Deputy General Manager (Central Procurement)” (or any other designation and roles which the Board / Committee of the Board may decide from time to time) on such remuneration and terms and conditions as set out in the Explanatory Statement attached to this Notice.”

“RESOLVED FURTHER that the appointment shall be upto retirement age as per the policy and rules of the Company with effect from January 28, 2011 on terms and conditions as per Explanatory Statement attached hereto.”

"RESOLVED FURTHER that the Board be and is hereby authorized to do all such acts, deeds and things and to execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or any Director or Secretary or Officer to give effect to the aforesaid resolution."

3. To consider and, if deemed fit, to pass the following resolution, with or without modification, as Special Resolution.

"RESOLVED that pursuant to provisions of Section 314(1B) read with Director's Relatives (Office or Place of Profit) Rules, 2003 and all other applicable provisions, if any of the Companies Act, 1956 and subject to the approval of the Central Government, consent of the company be and is hereby accorded to the appointment of Ms.R. Priyadarshini, daughter of Mr.B.G. Raghupathy, Chairman & Managing Director and Mrs. Sasikala Raghupathy, Director of the Company, to hold and continue to hold an Office or Place of Profit as Manager (Corporate Planning & Monitoring) (or any other designation and roles which the Board / Committee of the Board may decide from time to time) on such remuneration and terms and conditions as set out in the Explanatory Statement attached to this Notice."

"RESOLVED FURTHER that the appointment shall be upto retirement age as per the policy and rules of the Company with effect from January 28, 2011 on terms and conditions as per Explanatory Statement attached hereto."

"RESOLVED FURTHER that the Board be and is hereby authorized to do all such acts, deeds and things and to execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or any Director or Secretary or Officer to give effect to the aforesaid resolution."

By order of the Board

Place : Chennai

Date : December 24, 2010

R. Ramesh Kumar
President – Corporate & Secretary

Notes :

1. **A member entitled to attend and vote at the Extra Ordinary General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company. Proxy in order to be valid shall be deposited at the Registered Office of the company atleast 48 hours before the time fixed for holding the meeting.**
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed and forms part of this notice.
3. The Members / Representative / Proxy(s) are requested to bring attendance slip, as enclosed, duly filled in, together with their copy of the notice convening the Extraordinary General Meeting.
4. All documents referred to in the above notice and explanatory statement are available for inspection at the Registered Office of the Company on all working days (except Saturday, Sundays and Public holidays) between 10.00 a.m. and 5.00 p.m. upto the date of the Extraordinary General Meeting.
5. Members are requested to forward their queries on the subjects to the Company Secretary at least 10 days in advance for enabling the Company to furnish replies / clarification at the Extraordinary General Meeting.

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

Item No.1

The Company made the Initial Public Offer ("IPO") of its equity shares in the month of December, 2007 by way of fresh issue of 4,320,000 equity shares and raised ₹ 207.36 crore. The net issue proceeds after issue expenses was ₹ 190.12 crore. Under the head "Objects of the Issue" in the Prospectus dated December 19, 2007 of the Company ("Prospectus") it was stated that the net proceeds from the IPO would *inter alia* be utilized for the following purposes.

(₹ in crore)

Sl. No.	Expenditure Items	Total cost	Estimated amount to be financed from Net proceeds of the Issue.
1	Augment long term working capital requirements.	214.50	125.00
2	Establish manufacturing and assembly facilities.	82.60	54.00
3	Fund expenditure for general corporate purposes.	20.00	13.00
	Total	317.10	192.00

Out of ₹ 190.12 crores raised through IPO, the Company has utilized a sum of ₹ 125.00 crores towards long term working capital requirements. The balance of ₹ 65.12 crores is to be utilised for the following capital expenditure.

I. Investment in establishment of manufacturing and assembly facilities in ;

- Mundra multi sectoral special economic zone, Kutch India.
- Bahrain international investment park, Bahrain.
- Langfang, China.

II. General corporate purposes.

The Board of Directors considered the significant change of business profile of the company over last three years from 2007 when IPO was closed and its current leading position in BOP and EPC business in Indian power sector. The Board reviewed the capital expenditure plan to set up manufacturing facilities in Mundra Multi Sectoral Special Economic Zone, Bahrain International Investment Park and assembly facility in Langfang, China.

In the light of the significant change of business profile of the company leading to the need for higher long term working capital and in the backdrop of global meltdown and adverse international financial and business scenario the Board of Directors has decided not to proceed further with the capital investments to the extent of ₹ 65.12 Crore and utilise the same towards augmentation of long term working capital resources.

In terms of Section 61 of the Companies Act, 1956 the proposal of the Board of Directors of the Company to modify utilization of IPO proceeds for purposes other than those specified in the Prospectus requires approval of Members of the Company. The Board of Directors recommends utilization of balance unutilized issue proceeds of ₹ 65.12 crore towards augmenting long term working capital resources.

The Board of Directors recommends the Resolution for approval of the members. None of the Directors of the company is, any way, concerned or interested in this resolution.

Item No.2

This Special resolution relates to the appointment of Ms. Swarnamugi Karthik in the employment of the Company as "Deputy General Manager (Central Procurement)". Ms. Swarnamugi Karthik is daughter of Mr.B.G. Raghupathy, Chairman & Managing Director and Mrs. Sasikala Raghupathy, Director. The Board of Directors at its meeting held on December 24, 2010 approved the appointment of Ms. Swarnamugi Karthik as "Deputy General Manager (Central Procurement)" with effect from the date of general meeting whereat the consent of the members is given to this appointment. The appointee is a relative of Chairman & Managing Director and a Director of the Company and hence this appointment amounts to an

Office or Place of Profit and requires the approval of the members of the Company in terms of Section 314 of the Companies Act, 1956 read with Director's Relatives (Office or Place of Profit) Rules, 2003. Approval of the Central Government will also be sought for this appointment in compliance with the provisions of the Companies Act, 1956.

The Company is continuously on the lookout for well qualified managers particularly in the area of project management, procurement and engineering and Ms. Swarnamugi Karthik, is a suitable candidate both in terms of qualification as well as experience. Ms. Swarnamugi Karthik, has in her past experience handled contracts, project management and procurement and has proven skills over number of years.

Ms. Swarnamugi Karthik has completed Bachelor of Technology and Post Graduate Diploma in Embedded systems. The terms of appointment of Ms. Swarnamugi Karthik are as follows :

1	Date of appointment	January 28, 2011
2	Period of appointment	From January 28, 2011 upto retirement age as per the policy of the Company.
3	Notice period	The employment may be terminated by giving three month's notice.
4	Salary details	<p>(a) The appointment is made on a salary scale of ₹ 40,000 - 6,000 - 84,000 - 8,000 - 134,000 - 10,000 - 184,000 - 12,000 - 256,000 - 16,000 - 352,000 and presently the cost to company is ₹ 19,02,000/- per annum subject to a maximum of ₹ 1,00,00,000 (Rupees One crore only) per annum during the current term of appointment and such increase may be by way of increments / incentive / bonus/ ex-gratia / revisions, etc.</p> <p>(b) Within the overall limit as above, the appointee shall be entitled to allowances, perquisites, including the following allowances, perquisites and benefits as per the policy of the Company.</p> <p>(i) House rent allowance, education allowance, conveyance allowance, other allowance, incentive, bonus, ex-gratia.</p> <p>(ii) Benefits like reimbursement for fuel, communication, vehicle maintenance, medical expenditure, attire, leave travel, medical insurance, contribution to provident fund and gratuity.</p>
5	Duties and Responsibilities	The appointee shall be responsible to lead a team of procurement and logistic executives for value driven procurement of material and services for the company and other responsibilities as may be assigned by the Company from time to time.
6	Location	The appointee shall be located at Chennai or any other place as decided by the Company.

The Board of Directors recommends the resolution for approval of the members. None of the Directors of the company is concerned or interested in this resolution except Mr.B.G. Raghupathy and Mrs. Sasikala Raghupathy.

Item No.3

Ms.R. Priyadarshini was appointed as "Management Trainee" with effect from April 30, 2007 and it was approved by the members at 22nd Annual General Meeting held on September 19, 2008. She underwent on the job training in Corporate affairs, strategic initiatives, investors relationship and is now working as Executive Assistant to Chairman & Managing Director of the Company. This Special resolution relates to the appointment of Ms.R.Priyadarshini as "Manager (Corporate Planning & Monitoring)". Ms.R. Priyadarshini is daughter of Mr.B.G. Raghupathy, Chairman & Managing Director and Mrs. Sasikala Raghupathy, Director. The Board of Directors at its meeting held on December 24, 2010 approved the appointment of Ms.R. Priyadarshini as "Manager (Corporate Planning & Monitoring)" with effect from the date of general meeting whereat the consent of the members is given to this appointment. The appointee is a relative of Chairman & Managing Director and a Director of the Company and hence this appointment amounts to an Office or Place of Profit and requires approval of the members of the Company in terms of Section 314 of the Companies Act read with Director's Relatives (Office or Place of Profit) Rules, 2003. Approval of the Central Government will also be sought for this appointment in compliance with the provisions of the Companies Act, 1956.

The Company is continuously on the lookout for well qualified managers and Ms.R. Priyadarshini, is well qualified and has demonstrated proven skills since her appointment in 2007.

Ms.R. Priyadarshini is a Bachelor of Technology and Post Graduate in Business Administration. The terms of appointment of Ms. R. Priyadarshini are as follows :

1	Date of appointment	January 28, 2011
2	Period of appointment	From January 28, 2011 upto retirement age as per the policy of the Company.
3	Notice period	The employment may be terminated by giving three month's notice.
4	Salary details	<p>(a) The appointment is made on a salary scale of ₹ 30,000 - 4,500 - 57,000 - 6,000 - 93,000 - 7,500 - 138,000 - 9,000 - 192,000 - 12,000 - 264,000 and presently the cost to company is ₹ 15,00,000/- per annum with a maximum of ₹ 1,00,00,000 (Rupees One crore only) per annum during the current term of appointment and such increase may be by way of increments / incentive /bonus/ ex-gratia / revisions, etc.</p> <p>(b) Within the overall limit as above, the appointee shall be entitled to allowances, perquisites, including the following allowances, perquisites and benefits as per the policy of the Company.</p> <p>(i) House rent allowance, education allowance, conveyance allowance, other allowance, incentive, bonus, ex-gratia.</p> <p>(ii) Benefits like reimbursement for medical expenses, attire, leave travel, medical insurance, contribution to provident fund and gratuity.</p>
5	Duties and Responsibilities	To be a member and key resourceful person in the Corporate Planning and monitoring of large value project contracts and capital projects of subsidiary companies and other responsibilities as may be assigned by the Company from time to time.
6	Location	The appointee shall be located at Chennai or any other place as decided by the Company.

The Board of Directors recommends the resolution for approval of the members. None of the Directors of the company is concerned or interested in this resolution except Mr.B.G. Raghupathy and Mrs. Sasikala Raghupathy.

By order of the Board

Place : Chennai
Date : December 24, 2010

R. Ramesh Kumar
President – Corporate & Secretary

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