

DF Power Systems Private Limited

Seventh Annual Report - 2014

Corporate Information

CIN: U51505KA2007PTC041717

Website: www.dfps.in

E mail: dfps@dfps.in

Registered office

27, 28 & 29, KIADB Industrial Area
Dabaspeta, Nelamangala Taluk
Bengaluru Rural District
Bengaluru – 562111 India
Tel + 91-80-22995700/66337700
Fax + 91-80-7734439/22995718

City office

RMJ Mandoth Towers
37, 7th Cross, Vasanthnagar
Bangalore - 560 052
Phone: +091-080-22017800
Fax: +91 80 22017850

Bankers

Bank of Baroda
Standard Chartered Bank
ICICI Bank Limited

Auditors

B.K. Ramadhyani & Co.
Chartered Accountants
Bangalore – 560 055

Board Of Directors

Chairman

Mohib N. Khericha

Managing Director

Nikhil Kumar

Directors

Hitoshi Matsuo

Nitin Bagamane

Chief Executive Officer

G. S. Raju

DF Power Systems Private Limited

CIN: U51505KA2007PTC041717;

Registered Office: Plot Nos.27, 28 & 29, KIADB Industrial Area, Dabaspet, Nelamangala Taluk, Bangalore Rural Dist – 562111; Telephone No: 080-22017800; Fax: 080-22017850/851

Website: www.dfps.in

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Seventh Annual Report and the Audited Statement of Accounts for the financial year ended 31st March, 2014.

WORKING RESULTS:

The Company's working has resulted in:-

Particulars	Year ended March 31, 2014 (Rs. in lakhs)	Year ended March 31, 2013 (Rs. in lakhs)
Gross Profit/(Loss) amounting to	(636.62)	1393.25
Less/(Add):		
Depreciation	(31.55)	16.90
Provision for Taxation	(0.11)	470.02
Add:		
Deferred Tax (Net)	0.26	(18.08)
Net Profit /(Loss) for the Year	(668.02)	924.41
Add:		
Surplus brought forward from the Previous Year	4063.32	3,440.13
Available for appropriation	3395.30	4,364.54
Appropriations:		
Provision for Dividends and Tax thereon	0.00	210.59
Transfer to General Reserves	0.00	90.63
Surplus carried to Balance Sheet	3395.30	4063.32

OPERATIONS

Your Company's operations for the year ended March 31, 2014 resulted in a net loss of Rs. 668.02 lakhs as against a net profit of Rs. 924.41 lakhs in the previous year ended March 31, 2013. The revenue from operations was lower by 25% at Rs. 12,182.00 Lakhs for the year as against Rs. 16,326.73 lakhs for the year ended March 31, 2013.

A failing economy, low industrial growth, unfavorable investment climate and the continuing global economic slowdown impacted Company's business in the year ended March 31, 2014. Competition was intense, since all competitors experienced lack of orders forcing some of them to undercut in pricing. The order book at the beginning of the year stood at Rs. 36,131 lakhs. The only order received during the year is for Rs. 11,000 lakhs from a leading Cement group for WHR based Power Plant. This was our first foray into Cement WHR segment.

During the year, appropriate measures were initiated for cost control and enhancement of operational efficiency helping the company to weather the business downturn.

CURRENT YEAR

A new union government has been installed on the back of a historic mandate for change and development saddled by very high expectations. The overall business confidence is hopeful and investments are waiting to be unleashed. However, the signs of revival in the domestic market continue to be sluggish. The new enquiries pipeline is inflow limited and is mainly for smaller CPPs and WHR based power projects while the competition is intense. We are now recognized as one of the EPC players in small IPP, CPP & WHR segments and enquiries from consultants / customers have started flowing in from the Cement sector. We have made progress in overseas enquiries / bidding, with enquiries on hand from Africa and the Middle East. While we have an acceptable OEM partners for Cement waste heat recovery, dependence on a Chinese OEM partner for Boilers is emerging as a challenge, due to a growing non preference in India for power equipment from China. The Company is exploring options for Boiler from outside of China.

The order book stands at Rs. 14371.00 lakhs as of March 31, 2014, made up of two orders – from a cement plant in Karnataka and a waste heat recovery plant in Raipur after accounting for cancellation of an EPC order worth Rs. 22,500 lakhs from a North-East cement company as the renegotiation of commercial terms were unfavorable to the company. Both these orders on hand are scheduled for completion in the ongoing year. While we are hopeful of booking fresh orders, the revenues for the current financial year is expected to remain flat and is not likely to show any significant growth.

We continue to pursue a strategy of not compromising on the working capital/payment terms while bidding and one of the primary criteria to bid for orders are healthy advance payment from customers, and financial standing of the customer.

DIVIDEND & RESERVES

Due to operating losses, your Directors have not recommended payment of Dividend for the Financial Year 2013-14.

DIRECTORS

Currently, the Board of Directors comprises of four Directors including an independent Director representing the Holding Company TD Power Systems Limited. At the forthcoming Annual General Meeting, Mr. Mohib N Khericha will retire by rotation and being eligible, offer himself for re-appointment in terms of the Articles of Association of the Company. Your Directors recommend his re-appointment at the forthcoming Annual General Meeting.

AUDITORS

The Statutory Auditors, M/s. B. K. Ramadhyani & Co, Chartered Accountants, Bangalore, hold office up to the conclusion of the ensuing Annual General Meeting of the Company and being eligible, a certificate from them has been received to the effect that their re-appointment, if made, would be within the limits prescribed under Section of the Companies Act, 2013.

STATUTORY INFORMATION

A. Following are the required information as per Section 217(1)(e) of the Companies Act, 1956 read with under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 (Rule)

1. As the Company renders Engineering, Procurement and Construction (EPC) Services, particular in respect of Rule A & B (Conservation of energy and Technology absorption) are not applicable.
2. Foreign exchange:

Particulars	2013-14 (Rs. lakhs)
Foreign Exchange Earnings	Nil
Foreign Exchange Outgo	41.39

B. Particulars of Employees

During the period under review, the statement of employee who was in receipt of remuneration requiring disclosure in terms of Section 217(2A) of the Companies Act, 1956 is enclosed as **Annexure A**.

COST RECORDS

As required under the Companies (Cost Accounting Records) Rules, 2011, the cost compliance report for the Year ended March 31, 2013 duly certified by M/s. Rao, Murthy and Associates,

Cost Accountants has been filed with the Ministry of Corporate Affairs within the stipulated time.

DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' responsibility statement, it is hereby confirmed: -

1. that in the preparation of the accounts for the financial year ended 31st March 2014, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any.
2. that the Directors have selected such accounting policies and applied them consistently and made judgments and the estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and the profit or loss of the Company for the year under review.
3. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. that the Directors had prepared the accounts for the financial year ended March 31, 2014 on a 'going concern' basis.

INTERNAL CONTROL SYSTEMS

Your Company maintains an adequate and effective internal control system, commensurate with its size and complexity. Your Company believes that these internal control systems provide a reasonable assurance that the Company's transactions are executed with management authorization and that they are recorded in all material respects to permit preparation of financial statements in conformity with established accounting principles and that the assets of the Company are adequately safeguarded against significant misuse or loss.

CODE OF CONDUCT

The Company had adopted the Code of Conduct of its Holding Company for all the designated employees including Senior Management and the Directors. The Code of Conduct is posted on the Holding Company's website. Further, all the Board members and senior management personnel have affirmed their compliance with the Code of Conduct.

HUMAN RESOURCES

During the year, your Company invested in fostering people development and remained focused on strengthening human capital through continuous developmental programmes and by upgrading skills of employees to meet the Company's objectives.

ACKNOWLEDGEMENT

Your Directors place on record their sincere appreciation for the wholehearted and continued support extended by the shareholders, suppliers, customers, Banks and all employees of the Company during the year under report.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

X Mohib N. Khericha,

**MOHIB N. KHERICHA
CHAIRMAN**

Bangalore
May 21, 2014

Annexure A

Statement of Particulars of Employees as required under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rule, 1975 and forming part of the Directors' Report for the year ended March 31, 2014.

Employed throughout the year and in receipt of remuneration in the aggregate of not less than Rs. 60, 00,000 per annum.

Sl. No.	Name	Designation	Qualification	Age	Date of Joining	Experience (years)	Gross Remuneration # (Rs.)	Previous Employment	Designation
1	G. S. Raju	CEO	B. E. & General Management programme from IIM	46	01-10-2008	25	118,47,133.00	TD Power Systems Limited	General Manager-Projects

Note: # Remuneration includes salary, contribution to Provident fund, bonus and leave encashment.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

f Mohib N. Khericha

**MOHIB N. KHERICHA
CHAIRMAN**

May 21, 2014
Bangalore

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
D F POWER SYSTEMS PRIVATE LIMITED

Report on the Financial Statements:

We have audited the accompanying financial statements of D F Power Systems Private Limited ("the Company") which comprise of Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, and a summary of accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

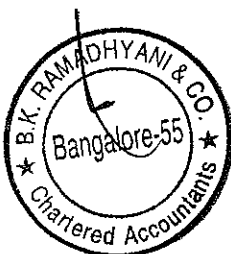
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

In our opinion and to the best of our knowledge and according to the information and explanations given to us, the said financial statements give the information required by the Act in the manner so required; give a true and fair view in conformity with the accounting principles generally accepted in India.

- i. In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014,
- ii. In the case of Statement of Profit and Loss, of the loss for the year ended on that date and
- iii. In the case of Cash Flow statement, of the cash flows for the year ended on that date.



Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Companies Act, 1956, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion, the Company has kept proper books of account as required by Law so far as appears from our examination of those books.
 - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d. In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report comply with the accounting standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.
 - e. On the basis of written representations received from Directors as on March 31, 2014 and taken on record by the Board of Directors, we report that none of the Directors of the Company, are disqualified as on that date from being appointed as a director, under clause (g) of sub-section (1) of section 274 of the Act.
 - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

Other Matters:

The report on the accounts of the Hong Kong branch office (not audited by us) audited by M/s Simon Chong & Co., Certified Public Accountants (Practicing) has been forwarded to us and has been dealt with in the manner considered appropriate by us while preparing our report.

For B K Ramadhyani & Co.,
Chartered Accountants
Firm Registration No. 002878S


(R Satyanarayana Murthi)

Partner

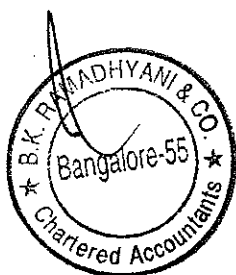
(Membership No. 024248)

B.K. RAMADHYANI & COMPANY
CHARTERED ACCOUNTANTS
4-B, Chitrapura Bhavan,
No. 68, 8th Main, 15th Cross,
Malleswaram, Bangalore-560 055.

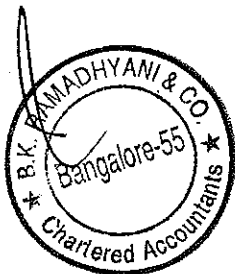
Place: Bangalore
Date: May 21, 2014

ANNEXURE TO AUDITORS' REPORT (AS REFERRED TO IN PARAGRAPH 1 OF REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS OF OUR REPORT TO THE MEMBERS OF D F POWER SYSTEMS PRIVATE LIMITED)

1.
 - a. The Company has maintained proper records showing full particulars including quantitative details, situation of fixed assets in the fixed asset register.
 - b. According to the information and explanations given to us, there is a physical verification programme being done in a phased manner and at reasonable intervals. We are also informed that the Company has carried out the physical verification of fixed assets during the period of review as per the scheme of physical verification regularly followed. We are informed that no material discrepancies were noticed on such verification.
 - c. During the year, there has been no significant sale/disposal of fixed assets.
2. The company does not hold any inventory and accordingly, provisions contained in clause (ii)(a), 4(ii)(b) and 4(ii)(c) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
3. The company has not granted nor taken loans secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act and accordingly, provisions contained in paragraph 4(iii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchases of goods and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
5.
 - a. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contract or arrangements to be entered in the register maintained under section 301 of the Companies Act, 1956, have been so entered in the register maintained.
 - b. According to the Company, the transactions made in pursuance of such contracts or arrangements and exceeding value of Rs. 5 Lakhs with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The company has not accepted any deposits from public, hence in our opinion the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Rules made there under are not applicable. According to the company, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
7. In our opinion, the Company has an internal audit system commensurate with the size of the business.




8. To the best of our knowledge and according to the information given to us, the Central Government has prescribed the maintenance of cost records under section 209(1)(d) of the Act for the products of the Company. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records u/s 209(1)(d) of the Act and we are of the opinion that prima facie, the records have been maintained. We have not done detailed examination of records with a view to determining whether they are accurate and complete.
9. a The company is regular in depositing undisputed statutory dues including provident fund, income tax, wealth tax, sales tax, customs duty, service tax, cess and other applicable statutory dues with the appropriate authorities. Excise duty and employee state insurance is not applicable to the Company. There are no arrears of outstanding statutory dues as at March 31, 2014, for a period exceeding six months. Further, short/non deduction of withholding tax has not been reckoned for this purpose.
- b There are no outstanding disputed amounts payables on account of sales tax, customs duty, income tax, wealth tax, service tax, cess.
10. The company has no accumulated losses as on March 31, 2014. The company has however incurred cash losses to the extent of Rs.6,36,61,196/- during the current year.
11. In our opinion and according to the information and explanations given to us, the company has not taken any loan from any banks or financial institutions, except working capital facility from banks not reckoned here, and also it has not issued any debentures and accordingly, the provisions contained in paragraph 4(xi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
12. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities and accordingly, the provisions contained in paragraph 4(xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
13. In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/ society and accordingly, the provisions contained in paragraph 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
14. In our opinion the company is not dealing in or trading in shares, securities, debentures and other investments and accordingly, the provisions contained in paragraph 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.



15. According to the information and explanations given to us, the company has not given guarantees for loans taken by others from banks or financial institutions and accordingly, the provisions contained in paragraph 4(xv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
16. The Company has not obtained term loans during the year under review and accordingly, the provisions contained in paragraph 4(xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term purposes. No long-term funds have been used to finance short-term assets except permanent working capital.
18. According to the information and explanations given to us, there was no issue of shares or other securities and accordingly, the provisions contained in paragraph 4(xviii) of the Companies (Auditor's Report) Order, 2003 regarding preferential allotment are not applicable.
19. According to the information and explanations given to us, there are no debentures issued by the company and accordingly, the provisions contained in clause 4(xix) of the Companies (Auditor's Report) Order, 2003 regarding creation of securities are not applicable.
20. There was no public issue of capital, debenture, etc during the year and accordingly, the provisions contained in paragraph 4(xx) of the Companies (Auditor's Report) Order, 2003 regarding end use of money are not applicable.
21. According to the information and explanations given to us, no fraud on or by the company during the year has been noticed or reported during the course of our audit.

For B K Ramadhyan & Co.,
Chartered Accountants
Firm Registration No. 002878S


(R Satyanarayana Murthi)
Partner

(Membership No. 024248)

B.K.RAMADHYANI & CO
Chartered Accountants
4B, Chitrapur Bhavan
8th Main, 15th Cross, Malleshwaram
BANGALORE-560 055

B.K. RAMADHYANI & COMPANY
CHARTERED ACCOUNTANTS
4-B, Chitrapura Bhavan,
No. 68, 8th Main, 15th Cross,
Malleshwaram, Bangalore-560 055.

Place: Bangalore
Date: May 21, 2014

DF POWER SYSTEMS PRIVATE LIMITED
BALANCE SHEET AS AT MARCH 31, 2014

Particulars	Note No.	As at 31.03.2014	Rs.	As at 31.03.2013	Rs.
I. EQUITY AND LIABILITIES					
(1) Shareholders' Funds					
(a) Share Capital	2	60,000,000	60,000,000		
(b) Reserves and Surplus	3	384,932,994	451,734,888		
(c) Money received against share warrants					
			444,932,994		511,734,888
(2) Non - current liabilities					
(a) Other long term liabilities	4	-	132,668,818		
(b) Long term provisions	5	15,620,374	14,265,286		
			15,620,374		146,934,104
(3) Current Liabilities					
(a) Short term borrowings	6	-	11		
(b) Trade payables	7	737,400,518	461,451,472		
(c) Other current liabilities	8	660,833,937	65,197,176		
(d) Short term provisions	9	489,928,724	639,298,157		
			1,888,163,179		1,165,946,816
TOTAL			2,348,716,547		1,824,615,808
II. ASSETS					
(1) Non - current assets					
(a) Fixed Assets					
(i) Tangible assets	10	26,207,846	13,821,512		
(b) Deferred tax assets (Net)	11	4,387,706	4,362,039		
(c) Long term loans and advances	12	18,552,719	9,044,105		
			49,148,271		27,227,656
(2) Current Assets					
(a) Trade receivables	13	860,573,598	489,119,006		
(b) Cash and cash equivalents	14	971,626,143	1,085,649,172		
(c) Short term loans and advances	15	467,368,535	222,619,974		
			2,299,568,276		1,797,388,152
TOTAL			2,348,716,547		1,824,615,808
Summary of Accounting Policies and other explanatory information	1-32				

The notes attached form an integral part of the Balance Sheet

In Accordance with our Report attached

For and on behalf of Board of Directors

For B.K. RAMADHYANI & CO.
Chartered Accountants
Firm Registration No. 002878S

R SATYANARAYANA MURTHI
Partner - M.No. 024248

Mohib N. Khericha
Mohib N. Khericha
Director

Nikhil Kumar
Nikhil Kumar
Managing Director

Bharatraj Panchal
Bharatraj Panchal
Asst. Company Secretary

Place : Bangalore
Date : MAY 21, 2014

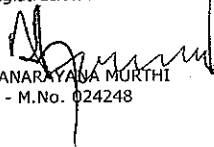
B.K. RAMADHYANI & COMPANY
CHARTERED ACCOUNTANTS
4-B, Chitrapura Bhavan,
No. 68, 8th Main, 15th Cross,
Malleswaram, Bangalore-560 055.

DF POWER SYSTEMS PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED MARCH 31 , 2014

Particulars	Note No.	Current Year	Rs.	Previous Year	Rs.
I. Revenue from Operations	17	1,218,200,924		1,632,673,541	
II Other Income	18	85,270,361		92,276,546	
III Total revenue (I + II)		<u>1,303,471,285</u>		<u>1,724,950,087</u>	
IV Expenses					
Purchases for Project Business	19	1,137,908,540		1,369,465,619	
Employee benefits expense	20	118,292,478		113,610,911	
Finance costs	21	91,739		158,358	
Depreciation and amortization expense	22	3,155,131		1,690,218	
Other expenses	23	110,839,724		102,390,128	
Total Expenses		<u>1,370,287,612</u>		<u>1,587,315,234</u>	
V Profit before tax (III-IV)		(66,816,327)		137,634,853	
VI Tax expense:					
(1) Current tax		11,235		47,002,186	
(2) Deferred tax / (Credit)		<u>(25,668)</u>		<u>(1,808,584)</u>	
		(14,433)		45,193,602	
VII Profit/(Loss) for the period from continuing operations (V-VI)		(66,801,894)		92,441,251	
VIII Earning per equity share:	24				
(1) Basic		(11.13)		15.41	
Summary of Accounting Policies and other explanatory information	1-32				
The notes attached form an integral part of the Statement of Profit and Loss					

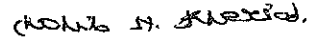
In Accordance with our Report attached


For B.K. RAMADHYANI & CO.
Chartered Accountants
Firm Registration No. 002878S

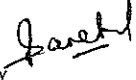

R SATYANARAYANA MURTHI
Partner - M.No. 024248

Place : Bangalore
Date : MAY 21, 2014

For and on behalf of Board of Directors


Mohib N. Khericha
Director


Nikhil Kumar
Managing Director


Bharatraj Panchal
Asst. Company Secretary

B.K. RAMADHYANI & COMPANY
CHARTERED ACCOUNTANTS
4-B, Chitrapura Bhavan,
No. 68, 8th Main, 15th Cross,
Malleswaram, Bangalore-560 055.

DF POWER SYSTEMS PRIVATE LTD
SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE PERIOD ENDED MARCH 31,
2014

1 SIGNIFICANT ACCOUNTING POLICIES.

1.1 Company overviews:

DF Power Systems Private Limited (the Company) is a wholly owned subsidiary of TD Power Systems Limited, engaged in the business of executing power plants and providing engineering, procurement and construction services (EPC).

1.2 Basis of preparation of financial statements:

The financial statements of the Company have been prepared under historical cost convention, in accordance with the Generally Accepted Accounting Principles (GAAP) applicable in India and the provisions of the Companies Act, 1956. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent liabilities as at date of the financial statements, and the reported amounts of revenue and expenses during the reported period.

1.3 Revenue Recognition:

(a) Sales are recorded based on significant risks and rewards of ownership being transferred in favour of the customer. Sales include goods dispatched to customers by partial shipment.

(b) Income from erection and project management services is recognized on work done based on percentage completion or the intrinsic value, reckoned at 97.5% of contract value, the balance 2.5% is recognized as income when the contract is completed.

(c) Income from engineering services rendered is recognized at realizable value based on percentage of work completed.

1.4 Fixed Assets:

Fixed assets are stated at cost of acquisition excluding vat/duties, inclusive of freight, taxes and incidental expenses relating to the acquisition and finance cost on borrowings utilized for acquisition of qualifying assets less deprec

1.5 Depreciation:

Depreciation is charged on straight line method as stipulated in section 205 (2) (b) of the Companies Act, 1956, at the rates specified in schedule XIV, prorata from the quarter of addition / deletion. Intangible assets are amortized over their estimated useful lives, which has been assessed at 4 years.

1.6 Foreign currency transactions:

a). Foreign currency transactions are translated into Indian rupees at the exchange rate prevailing on the date of the transaction.

b). Monetary foreign currency assets and liabilities outstanding at the end of the year are restated at the exchange rates prevailing on the reporting date. All exchange differences are accounted for in the profit and loss account.

c). Non monetary items denominated in foreign currency, are valued at the exchange rate prevailing on the date of transaction.

d). In respect of overseas branches, which are integral foreign operations, financial statements are translated as if the transactions are those of the Company itself.

1.7 Taxes on Income:

Provision for tax is made in terms of AS 22 for both current and deferred tax. Provision for current income tax if arises is made at the current tax rates based on assessable income. Deferred tax is recognised on timing difference between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance sheet date. Deferred tax assets are recognized and carried forward to the extent that there is a reasonable/virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized.

1.8 Contingent Liabilities:

Financial effects of contingent liabilities are disclosed based on information available up to the date on which financial statements are approved. However, where a reasonable estimate of financial effect cannot be made, suitable disclosures are made with regard to this fact and the existence and nature of the contingent liability.

1.9 Employees Benefits:

i. Short Term Employee Benefits:

Employee benefits payable wholly within twelve months of rendering the service are classified as short term. Benefits such as salaries, bonus, leave travel allowance etc. are recognized in the period in which an employee renders the related service.

ii. Long Term Employee Benefits:

a. Defined Contribution Plans:

The Company has contributed to provident funds, which is defined contribution plan. The contribution paid/ payable under the scheme is recognised during the year in which an employee renders the related service.

b. Defined Benefit Plans:

Employees gratuity and leave encashment are defined benefit plans. The present value of the obligations under such plan is determined based on actuarial valuation using the Projected Unit Credit Method which considers each year of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Actuarial gain and losses are recognised immediately in the statement of profit & loss account as income or expense. Obligation is measured at present value of estimated future cash flows using a discounted rate that is determined by reference to market yields available of government bonds at the Balance Sheet date with the term that matches to the liabilities.



1.10 Impairment of assets:

At each balance sheet date, the management reviews the carrying amount of its asset to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Reversal of impairment loss, if any, is recognised immediately in the profit and loss account.

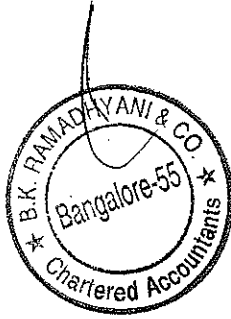
1.11 Accounting for lease:

i. Operating Lease:

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognized as an expense on a straight-line basis over the lease term.

ii. Finance Lease and Hire purchase transactions:

Lease rentals are charged to Profit and Loss Account over the period of Lease. Depreciation is provided on the primary period of the lease.



DF POWER SYSTEMS PRIVATE LTD
SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

2 SHARE CAPITAL:

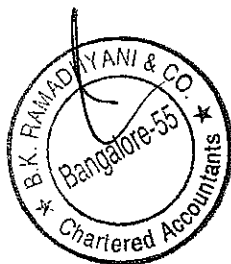
Particulars	As at 31.03.2014		As at 31.03.2013	
	Number	Rs in	Number	Rs in
Authorized:				
Equity shares of Rs.10/- each	7,500,000	<u>75,000,000</u> <u>75,000,000</u>	7,500,000	<u>75,000,000</u> <u>75,000,000</u>
Issued, subscribed and fully paid up:				
Equity shares of Rs.10/- each				
At the beginning of the reporting period	6,000,000	60,000,000	6,000,000	60,000,000
Issued during the reporting period	-	-	-	-
At the close of the reporting period	6,000,000	<u>60,000,000</u>	6,000,000	<u>60,000,000</u>
Total		60,000,000		60,000,000

Other Information:

The Company has only one class of equity shares having par value of Rs.10/- each. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

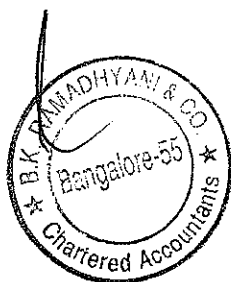
II	Particulars of equity share holders holding more than 5% of the total number of equity share capital:	As at 31.03.2014		As at 31.03.2013	
		Percentage	No of shares	Percentage	No of shares
a.	TD Power Systems Limited (Holding Company) (including beneficial interest relating to 2 equity shares of Rs.10/- each being 0.01% of capital held by 2 directors of the company)	100.00%	6,000,000	100.00%	6,000,000



DF POWER SYSTEMS PRIVATE LTD
SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

3 RESERVES AND SURPLUS:

Particulars	As at	As at
	31.03.2014	31.3.2013
	Rs	Rs
General Reserve		
As per beginning of reporting period	45,402,506	36,339,239
Add:		
Transferred from Profit and Loss Account		9,063,267
As per the end of the reporting period	<u>45,402,506</u>	<u>45,402,506</u>
Surplus i.e. balance in Statement of Profit & Loss		
As per beginning of reporting period	406,332,382	344,013,498
Add:		
Transferred from Profit and Loss Account	(66,801,894)	92,441,251
Less:		
Allocation towards allotment of bonus shares		
Transferred to General Reserve	-	9,063,267
Proposed dividend	-	18,000,000
Provision towards dividend distribution tax	-	3,059,100
As per the end of the reporting period	<u>339,530,488</u>	<u>406,332,382</u>
Total	<u>384,932,994</u>	<u>451,734,888</u>



DF POWER SYSTEMS PRIVATE LTD
SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

Particulars	As at	As at
	31.03.2014	31.3.2013
	Rs.	Rs.
4 OTHER LONG TERM LIABILITIES		
a) Trade Advances received from Customers	-	132,668,818
TOTAL	-	132,668,818
5 LONG TERM PROVISIONS		
Provisions for employee benefits - Leave		
a) Encashment	15,620,374	14,265,286
b) Others (specify nature)		
TOTAL	15,620,374	14,265,286



DF POWER SYSTEMS PRIVATE LIMITED
SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

Particulars	As at 31.03.2014 As at 31.3.2013	
	Rs.	Rs.
6 Secured Loans		
a) Loans repayable on demand		
- From Banks	-	11
	-	11

Additional Information :

Details of Security for Secured loans	
pari pasu charge on the current assets of the company	
Loans guaranteed by directos/others	
- by others (holding company)	11
Terms of Repayment	
Repayable on demand and carries an interest rate of 4.18 %	
over base rate (Floating)	

7 TRADE PAYABLES

a) To Micro, Small and Medium Enterprises	31,549,773	113,105
b) Others	705,850,745	461,338,367
	737,400,518	461,451,472

Additional Information:

The details of amounts outstanding to Micro, Small and Medium Enterprises under Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act), based on the available information with the Company are as under:

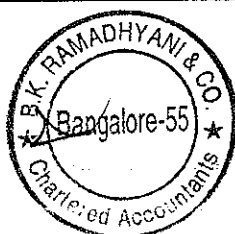
SI No.	Particulars	As at end of current reporting period	As at end of previous reporting period
		Rs.	Rs.
1	Principal amount due and remaining unpaid	31,549,773	113,105
2	Interest due on (1) above and the unpaid interest	-	-
3	Interest paid on all delayed payments under the MSMED Act	-	-
4	Payment made beyond the appointed day during the year	4,004,390	38,986,872
5	Interest due and payable for the period of delay other than (3) above	73,162	610,574
6	Interest accrued and remaining unpaid	73,162	610,574
7	Amount of further interest remaining due and payable in succeeding years	683,736	610,574

8 OTHER CURRENT LIABILITIES:

a) Outstanding Liabilities	105,871,604	17,722,393
b) Duties and taxes payable	3,627,775	3,221,611
c) Trade advance received from customers	551,292,787	43,877,115
d) Other liabilities	41,771	376,057
	660,833,937	65,197,176

9 SHORT TERM PROVISIONS:

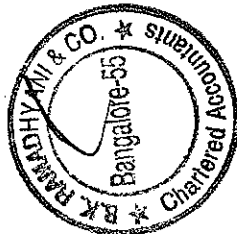
a) Reserve for Future Contract	487,413,297	616,393,205
b) Employee benefits	2,515,427	1,845,852
c) Provision for Taxation (net of advance)	-	-
d) Proposed dividend (including dividend distribution tax)	-	21,059,100
	489,928,724	639,298,157



D F POWER SYSTEMS PRIVATE LIMITED
BANGALORE - 560 052

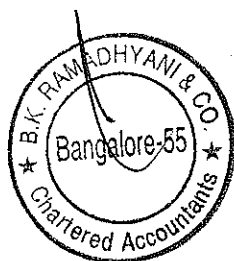
10 Fixed Assets Schedule as on 31-03-2014

Fixed Assets	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at 01.04.2013	Additions	Deletions	As at 31.03.2014	As at 01.04.2013	Additions	withdrawals	As at 31.03.2014	As at 31.03.2014	As at 01.04.2013
Computers & Printers& SW	6,994,014	2,113,437	-	9,107,451	2,685,005	1,519,327	-	4,204,332	4,903,119	4,309,009
Furniture & Fixtures	1,059,953	-	-	1,059,953	471,409	45,650	-	517,059	542,894	588,543
Motor Vehicles	4,890,770	1,632,608	-	6,523,378	1,234,269	612,130	-	1,846,399	4,676,979	3,656,501
Office Equipments	5,429,424	116,747	-	5,546,171	701,569	259,514	-	961,083	4,585,088	4,727,855
Plant & Machinery	901,345	11,678,673	-	12,580,018	361,742	718,510	-	1,080,252	11,499,766	539,604
Total	19,275,506	15,541,465	-	34,816,971	5,453,994	3,155,131	-	8,609,125	26,207,846	13,821,512
Previous Year	16,119,162	3,156,344	-	19,275,506	3,763,776	1,690,218	-	5,453,994	13,821,512	12,355,386



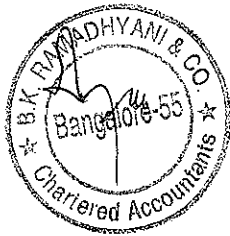
DF POWER SYSTEMS PRIVATE LIMITED
SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

Particulars	As at	As at
	31.03.2014	31.3.2013
	Rs.	Rs.
11 NET DEFERRED TAX LIABILITY/(ASSET)		
i) Deferred tax liability:		
a) On account of depreciation on fixed assets	2,082,562	1,428,544
b) On account of timing differences in recognition of expenditure		
Total	<u>2,082,562</u>	<u>1,428,544</u>
ii) Deferred tax asset:		
a) On account of timing differences in recognition of expenditure (On leave encashment and estimated contract losses)	6,470,268	5,790,583
	<u>6,470,268</u>	<u>5,790,583</u>
TOTAL	<u>(4,387,706)</u>	<u>(4,362,039)</u>



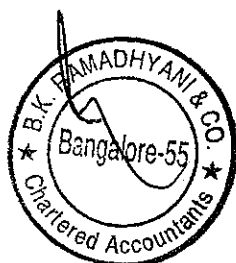
DF POWER SYSTEMS PRIVATE LIMITED
SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

Particulars	As at	As at
	31.03.2014	31.3.2013
	Rs.	Rs.
12 LONG TERM LOANS AND ADVANCES:		
a) Security Deposit	-	1,257,344
b) Advance Tax (net of provision)	18,552,719	7,786,761
	18,552,719	9,044,105
Additional information:		
1) Breakup of above:		
a) Unsecured, considered good	18,552,719	9,044,105
Total	18,552,719	9,044,105



DF POWER SYSTEMS PRIVATE LIMITED
SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

Particulars	As at 31.03.2014	As at 31.3.2013
	Rs.	Rs.
13 TRADE RECEIVABLES:		
a) Trade receivables exceeding six months	353,056,757	211,488,891
b) others	507,516,841	277,630,115
	860,573,598	489,119,006
Additional information:		
1) Breakup of above:		
a) Secured, considered good	415,096,640	51,262,000
b) Unsecured, considered good	445,476,958	437,857,006
Total	860,573,598	489,119,006
14 CASH AND BANK BALANCES:		
a) Cash and cash equivalents:		
a) Balances with banks		
- on current accounts	40,257,020	150,626,432
b) Cash on hand	103,878	202,356
b) Other bank balances:		
a) Balances with banks		
- in margin money	12,460,500	16,688,600
- in deposit accounts exceeding 12 months maturity	429,525,000	413,530,000
- in deposit accounts exceeding 3 month but not exceeding 12 months	489,279,745	504,601,784
	971,626,143	1,085,649,172
15 SHORT TERM LOANS AND ADVANCES:		
a) Rent Deposit	1,241,500	4,507,470
b) Balance with Statutory/ Govt authorities	15,827,167	12,848,615
c) Prepaid Expenses	158,918	795,417
d) Trade Advance	424,071,307	161,129,708
e) Interest accrued on term deposits	24,108,718	42,502,979
f) Others	1,960,925	835,785
	467,368,535	222,619,974
Additional information:		
1) Breakup of above:		
a) Secured, considered good	-	-
b) Unsecured, considered good	467,368,535	222,619,974
Total	467,368,535	222,619,974



DF POWER SYSTEMS PRIVATE LIMITED
SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

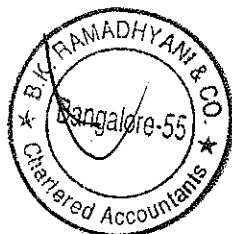
Particulars	As at 31.03.2014	As at 31.03.2013
	Rs.	Rs.

16 CONTINGENT LIABILITIES AND COMMITMENTS:

(to the extent not provided for)

a) Contingent Liabilities:		
i) Guarantees	798,109,629	911,812,171
ii) Letters of credit		

Based on internal assessment the management believes that the probabilities of crystallisation of the guarantees is improbable and accordingly no provision for the same is considered necessary.



DF POWER SYSTEMS PRIVATE LIMITED
SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

Particulars	As at 31.03.2014	As at 31.3.2013
	Rs.	Rs.
17 REVENUE FROM OPERATIONS:		
i) Sale of Goods		
- Gross sales EPC Business	1,089,221,016	1,529,615,179
Reserv for Future Contract - Add / (Less)	128,979,908	103,058,362
	1,218,200,924	1,632,673,541
18 OTHER INCOME:		
a) Interest income on Bank Deposits	83,658,772	88,286,145
b) Provision no longer required withdrawn	936,809	1,453,786
c) Other non operating income (net of expenses directly attributable to such income)	674,780	2,536,615
	85,270,361	92,276,546
19 Cost of materials consumed:		
Purchases for Projects Business	1,137,908,540	1,369,465,619
20 EMPLOYEE BENEFIT EXPENSES:		
a) Salaries and wages	91,422,396	83,592,400
b) Contribution to provident and other funds	15,205,166	17,504,808
c) Remuneration to whole time directors	5,104,850	5,104,850
d) Staff welfare expenses	6,560,066	7,408,853
	118,292,478	113,610,911
21 Finance Costs:		
a) Interest expense	91,739	158,358
	91,739	158,358
22 DEPRECIATION AND AMORTIZATION:		
a) Depreciation	3,155,131	1,690,218
	3,155,131	1,690,218
23 OTHER EXPENSES:		
a) Power and fuel	1,498,459	1,586,350
b) Rent	14,003,782	19,389,433
c) Repairs and maintenance		
- Buildings		
- Machinery	786,617	790,496
- Others	486,693	540,187
d) Insurance	843,007	415,541
e) Rates and taxes	569,656	1,069,371
f) Payment to the auditors		
- as Statutory auditor	375,000	475,000
- for taxation matters	225,000	150,000
- for other services - Ltd review	300,000	300,000
- for reimbursement of expenses		
g) Selling expenses	84,579	309,887
h) Loss on sale of fixed asset (net)	-	-
i) Donations	50,000	15,060
j) Legal and professional charges	30,206,080	27,570,327
k) Directors sitting fees	584,272	439,552
l) Travelling and Conveyance	26,705,789	28,381,241
m) Bank Charges	8,478,505	15,704,155
n) Postage, Telegrams and Telephones	2,141,548	2,372,522
o) Software Expenses on ERP	-	-
p) Vehicle Maintenance	1,757,726	1,882,728
q) Printing & Stationary	725,874	830,715
r) Subscription to Technical Associations, Journals & Magazines	93,301	167,563
s) Exchange Flucutation	20,923,836	-
	110,839,724	102,390,128

Expenditure in foreign currency

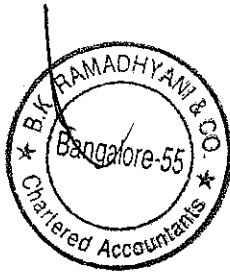
Expenditure in foreign currency excluding expenditure at branch office: (net of withholding tax)

Others - On Balance Sheet Basis	4,139,049	1,668,198
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DF POWER SYSTEMS PRIVATE LIMITED
SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

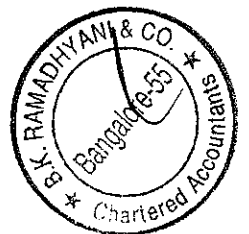
Particulars	As at 31.03.2014 Rs.	As at 31.3.2013 Rs.
24 EARNINGS PER SHARE		
<i>After extraordinary item:</i>		
Profit for the year after tax expense	(66,801,895)	92,441,251
Less:		
Preference dividend payable including dividend t.	-	-
	<u>(66,801,895)</u>	<u>92,441,251</u>
Weighted average number of equity shares	6,000,000	6,000,000
Earning per share	(11.13)	15.41



DF POWER SYSTEMS PRIVATE LIMITED
SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

Particulars	Current Year		Previous Year	
	Rs.		Rs.	
25 DISCLOSURES AS PER ACCOUNTING STANDARD 15 "EMPLOYEE BENEFITS":				
Defined Contribution Plan: Employer's Contribution to Provident Fund & Pension Scheme		7,427,489		6,853,735
Defined Benefit Plan: The employees' gratuity fund scheme managed by a trust is a defined benefit plan. The Present value of obligation is determined based on actuarial valuation using the projected unit credit method.				
	Gratuity (Funded)	Leave (Unfunded)	Gratuity (Funded)	Leave (Unfunded)
1 Defined Benefit obligation at beginning of the reporting period	7,656,879	14,723,000	5,096,366	9,012,619
Current Service Cost	1,578,707	2,449,565	1,431,679	1,503,648
Interest Cost	627,864	1,068,818	409,403	650,118
Actuarial (gain)/ loss	(1,385,343)	812,435	1,279,161	6,284,956
Benefits Paid	-	(3,377,259)	(559,730)	(2,728,341)
Defined Benefit obligation at end of the reporting period	8,478,107	15,676,559	7,656,879	14,723,000
Obligations at end of the period - Current	2,011,240	2,011,240	-	1,463,753
Obligations at end of the period - Non -Current	8,478,107	13,665,319	7,656,879	13,259,247
2 Reconciliation of opening and closing balance of fair value of plan assets:				
Fair value of plan assets at beginning of the reporting period *	9,818,355	-	8,655,056	-
Acquisition adjustment	-	-	-	-
Expected return on plan assets	950,983	-	752,308	-
Employer Contribution	2,739,356	-	950,978	-
Benefits paid	-	-	(559,730)	-
Actuarial gain/(loss)	(114,666)	-	19,743	-
Fair value of plan assets at reporting period	13,394,028	-	9,818,355	-
3 Reconciliation of fair value of assets and obligations:				
Fair value of plan assets	13,394,028	-	9,818,355	-
Present value of obligation	(8,478,107)	15,676,559	(7,656,879)	14,723,000
Funded assets in excess of obligation of prior years	(4,915,921)	(15,676,559)	(2,242,692)	(14,723,000)
Amount recognised in Balance Sheet under liabilities:	-	-	(81,216)	-
4 Expense recognized during the year:				
Current Service Cost	1,578,707	2,449,565	1,15,681	1,503,648
Interest Cost	627,864	1,068,818	409,403	650,118
Expected return on plan assets	(950,983)	-	(752,308)	-
Actuarial (gain)/ loss	(1,270,677)	812,435	1,259,418	6,284,956
Net Cost	(15,089)	4,330,818	1,032,194	8,438,722
5 Actuarial assumptions:				
Mortality Table	1994 - 96 (Ultimate)	Indian Assured Lives Mortality (2006-08) (modified) ULT	1994 - 96 (Ultimate)	Indian Assured Lives Mortality (2006-08) (modified) ULT
Discount rate (per annum)	9.25%	9.25%	8.20%	8.20%
Expected rate of return on plan assets (per annum)	8.50%	NA	8.50%	NA
Rate of escalation in salary (per annum)	7.00%	7.00%	7.00%	7.00%
Attrition Rate	3.00%	3.00%	3.00%	3.00%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is as certified by the Actuary.



DF POWER SYSTEMS PRIVATE LIMITED
SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

26

SEGMENT REPORTING:

Certain expenses, which are not allocable to any specific segment, are separately disclosed at the enterprise level. Cash and bank balances in India are reported at the enterprise level as the company operates common bank accounts. Fixed assets, Liabilities, Current assets and Current liabilities relating to specific business segments are identified and reported. Those that are not identifiable are reported as common items.

(i)

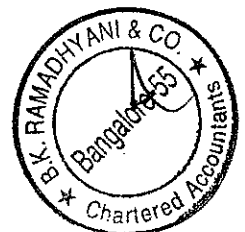
Secondary segment is reported based on the geographical location of the company, viz., India and Hongkong. Revenues in the secondary segment are based on the sales made by the branch office. Fixed assets, Current Assets including Cash and Bank accounts, and Current liabilities are identified to the branch office to which they relate and are reported accordingly.

current year

Particulars	Primary Segment		Total
	EPC	Common	
1 Segment Revenues			
External Revenues	1,218,200,924	-	1,218,200,924
Total Revenues	1,218,200,924	-	1,218,200,924
2 Segment Results			
Profit Before Taxation and Interest	(148,839,818)	-	(148,839,818)
Less: Interest	91,739	-	91,739
Less: Depreciation & Amortizations	3,155,131	-	3,155,131
TOTAL	(152,086,688)	-	(152,086,688)
3 Unallocable Expenditure			
Unallocable & Other Income (including Extraordinary items)	936,809	84,333,552	85,270,361
Less: Tax	-	(14,433)	(14,433)
Total Profit	(151,149,879)	84,347,985	(66,801,894)

previous year

Particulars	Primary Segment		Total
	EPC	Common	
1 Segment Revenues			
External Revenues	1,632,673,541	-	1,632,673,541
Total Revenues	1,632,673,541	-	1,632,673,541
2 Segment Results			
Profit Before Taxation and Interest	47,206,883	-	47,206,883
Less: Interest	158,358	-	158,358
Less: Depreciation & Amortizations	1,690,217	-	1,690,217
TOTAL	45,358,308	-	45,358,308
Unallocable & Other Income (including Extraordinary items)	3,990,400	88,286,145	92,276,545
Less: Tax	-	45,193,602	45,193,602
Total Profit	49,348,708	43,092,543	92,441,251



5 Segment Assets

	EPC	Common	TOTAL
6 Unallocable Assets	1,338,322,814	1,006,017,261	2,344,340,075
Previous Year (2012-2013)	713,969,219	1,106,284,550	1,820,253,769

Segment Liabilities

7 Unallocable Liabilities	1,885,647,752	18,147,036	1,903,794,788
Previous Year (2012-2013)	1,275,710,682	37,170,238	1,312,880,920

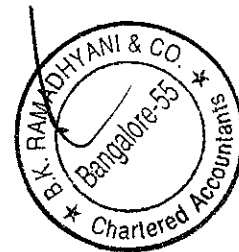
8 Capital Expenditure	15,541,465	-	15,541,465
Previous Year (2012-2013)	3,156,344	-	3,156,344

(ii) Geographical Segment:

Particulars	Segment revenue by geographical Market (in Rs.)	
	Current reporting period	Previous reporting period
Sales of India	873,135,077	955,353,212
Sales of overseas	345,065,847	677,320,329
Less: Inter-segmental sales	-	-
Total	1,218,200,924	1,632,673,541

Carrying amounts of geographical assets & additions to tangible & intangible fixed assets:

	Carrying amounts of segment assets (in Rupees)		Additions to fixed assets & Intangible assets (in Rupees)	
	Current reporting period	Previous reporting period	Current reporting period	Previous reporting period
Located in India	1,963,258,014	1,517,492,125	15,541,465	3,156,344
Located outside India	381,082,061	288,940,131	-	-
Total	2,344,340,075	1,806,432,256	15,541,465	3,156,344



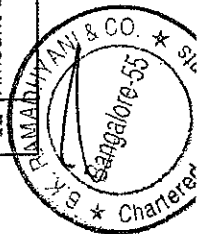
DF POWER SYSTEMS PRIVATE LIMITED
SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

27 RELATED PARTIES DISCLOSURE:

Sl. No.	Name of the related party	Relationship
1	T D POWER SYSTEMS LTD	Holding Co
2	Nikhil Kumar	Key management personnel and their Relatives.
3	Hitoshi Matsuo	
4	Mohib Khericha	
5	G S Raju	
6	Pavan Ganapathy Raju	

DETAILS OF TRANSACTIONS:

Sl. No.	Nature of transactions	Holding	Key management personnel and their Relatives	Enterprises over which key management personnel and their relatives are able to exercise significant influence
1	Directors Remuneration and Commission	Nikhil Kumar	5,104,850	
2	Directors Sitting fees	Hitoshi Matsuo	(5,104,850)	
2	Directors Sitting fees	Mohib Khericha	160,000	
3	Remuneration Paid	G S Raju	(120,000)	
4	Rent Paid (including service tax)	G S Raju	180,000	
5	Rent Paid (including service tax)	Pavan Ganapathy Raju	(160,000)	
6	Rent Paid (including service tax)	TD Power Systems Limited	11,847,133	
7	Management Services to (Employee cost reimbursement)	TD Power Systems Limited	(9,384,752)	
11	Purchase of Generator	TD Power Systems Private Limited	189,018	
12	Amount Due to TD Power Systems Limited	TD Power Systems Private Limited	(157,500)	
			178,139	
			(168,900)	
			9,641,610	
			(14,164,051)	
			24,820,295	
			(25,764,395)	
			33,449,572	
			2,600,000	



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OPERATING LEASES:

- (a) The Company has various operating leases for office facilities, guesthouse and residential premises of employees that are renewable on a periodic basis, and cancelable at its option. Rental expenses for operating leases included in the financial statements for the year are Rs. 14,003,782/- (Previous year Rs.19,389,433/-).

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During the reporting period, the Company has made provisions for Compensated Leave Absence/Sick Leave, the details of the same are as under:

Particulars	Amount in Rupees	
	Compensated Leave Absence/Sick Leave	
Balance outstanding at the beginning of the reporting period	-	
Provision for the reporting period	3,914,936	
Utilised during the reporting period	-	
withdrawn and credited to Profit and Loss Account	-	
Balance outstanding at the end of the reporting period	3,914,936	

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Foreign currency exposures which have not been hedged by any derivative instruments or otherwise as at end of the reporting period is as follows:

Particulars	Amount in Rupees	
	As at end of current reporting period	As at end of preceding reporting period
Assets (Receivables)	381,082,061	288,940,131
Liabilities (payables)	285,103,755	221,198,231

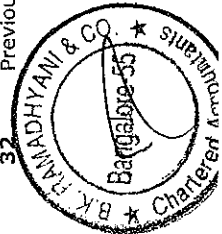
THE DISCLOSURE AS PER REVISED AS-7 IN RESPECT OF CONTRACT IN PROGRESS AS ON 31-03-2014

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Sl. No.	Particulars	Amount in Rupees	
		As at end of current reporting period	As at end of preceding reporting period
i)	Contract revenue	15,849,824,937	13,530,867,604
ii)	Cost incurred	13,511,884,009	12,234,619,290
iii)	Recognised profit (Less recognized losses)	2,337,940,928	1,296,248,314
iv)	Amount of advance received	551,292,787	176,545,932
v)	Amount of retentions (Deferred debts)	320,069,348	353,565,584
vi)	In respect of dues from customer after appropriate netting off	540,504,250	135,553,422
a)	Gross amount due from customer for contract work as an asset	-	-
b)	Gross amount due to customer for contract work as liability	-	-
vii)	Contingencies	Nil	Nil

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Previous reporting period's figures have been regrouped wherever required in conformity with the presentation for the current reporting period



D F POWER SYSTEMS PRIVATE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

	Current Year - In Rs.		Previous Year - In Rs.	
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax and extraordinary items		(66,816,327)		137,634,853
Adjustments for				
Depreciation	3,155,131		1,690,217	
Interest Income	(84,333,552)		(88,286,145)	
Interest Payments			158,358.00	
Provision for Gratuity & Leave Encashment	2,024,663		6,266,140	
		(79,153,758)		(80,171,430)
Operating profit before Working Capital Changes		(145,970,085)		57,463,423
Adjustments for				
Trade Receivables	(371,454,592)		538,148,950	
Other Receivables	(254,268,407)		24,897,877	
Future Contract	(128,979,908)		(103,058,362)	
Other Payables -	88,221,078		(168,168,742)	
Trade Payables	650,707,133	(15,774,696)	(246,186,716)	45,633,007
Cash generated from Operations		(161,744,781)		103,096,430
Direct Taxes Paid	(11,235)	(11,235)	(64,202,851)	(64,202,851)
Net Cash Flow from Operating Activities		(161,756,016)		38,893,579
B Cash flow from Investing Activities				
Purchase of Fixed Assets	(15,541,465)		(3,156,344)	
Interest Received	84,333,552		88,286,145	
Net Cash used in investing activities		68,792,087		85,129,801
C Cash flow from financing activities				
Working Capital borrowings			11	
Interest Paid			(158,358)	
Dividend and Tax on Dividend paid	(21,059,100)		(34,866,750)	
Net Cash flow from financing activities		(21,059,100)		(35,025,097)
Net increase/decrease in cash and cash equivalents		(114,023,029)		88,998,283
Cash and cash equivalents at the beginning		1,085,649,172		996,650,889
Cash and cash equivalents at close		971,626,142		1,085,649,172
Actual Closing Cash Balance		971,626,142		1,085,649,172
Cash and cash equivalents at Close		971,626,142		1,085,649,172

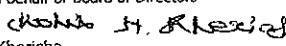
NOTES : Cashflows are reported using the indirect method. Cash and cash equivalents is after adjusting translation gain/loss.

As per our report of even date
For B.K. RAMADHYANI & CO.
Chartered Accountants

R SATYANARAYANA MURTHI
Partner M.No.024248

Bangalore
Date : MAY 21, 2014

For and on behalf of Board of Directors


Mohib N Khericha
Director

Nikhil Kumar
Managing Director

Bharatraj Panchal
Assistant Secretary

B.K. RAMADHYANI & COMPANY
CHARTERED ACCOUNTANTS
4-B, Chitrapura Bhavan,
No. 68, 8th Main, 15th Cross.
Malleswaram, Bangalore-560 055.