

All the meticulous planning and detailing that goes into producing a generator is not something people think of – nor should they! We work hard to make sure that people don't have to think about generators – after all that's what we do for a living. In TDPS we make first class generators for the world.

www.tdps.co.in

tdpsTM

generates

value

Annual Report 2014

tdpsTM is

new

tdpsTM is ideas,
improvements,
growth, solutions,
creativity, value,
welfare, power,
energy, potential,
empowerment,
new, you.

We are a young company – founded in 2001. With our team of competent and dedicated employees we have within a short time span secured a firm position in operating markets. Interestingly, the competition we face mainly comes from global players – underlining the need for visual identity that's in line with what's globally out there. When potential clients, investors and others experience what we have to offer, they also need to interface with a young, global manufacturer of world-class products.

The ambitions and the pace of our company is reflected in the new visual identity developed in full by the brand agency AM, based in Copenhagen and Bangalore.

The thinking behind the design illustrates the fact that TDPS is forward-looking company – which means we must graduate from legacy design formats and styling. Consequently, our new logo communicates a positive phrase that reflects the optimism and dynamism of the company.

At TDPS, we are constantly on the move. Never content with the status quo, and always working on improvements - in markets, relations, energy reduction, product specifications and more. The “active orange” that is now our primary brand colour, has been carefully chosen to support this story.

The other colours in our design system have been drawn from factory unit floors – a process of natural selection. This is where the products we live by are born, evolved and delivered from.

One of the key components of our new visual identity can be described in one word: “effective”. Helping us use our walls, cars, buildings, work wear and signages to communicate our story.

QED: We have something with impact value – not only for those of us who are part of the TDPS ecosystem in Dabaspet, but also for the many foreign visitors that come to see for themselves how we work and the environment we operate in.

We look forward to creating a whole new medium and platform of expression, to show where TDPS is positively heading in the years to come.

COMPANY INFORMATION

www.tdps.co.in

CIN: L31103KA1999PLC025071

Registered Office & Unit 1

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

Unit 2

Survey No. 59/2, Yedehalli Village
Dabaspet, Nelamangala Taluk
Bengaluru, Rural District
Bengaluru – 562111 India

Japan Branch Office

3-3 Kitashinagawa
3 Chome, Shingawa-KU
Tokyo, Japan Zip code No. 140-0001

Wholly Owned Subsidiaries

TD Power Systems (USA) Inc.
TD Power Systems Japan KK
DF Power Systems Private Limited

Bankers

Bank of Baroda
Standard Chartered Bank
ICICI Bank Limited

Auditors

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

Stock Exchanges

(Where the shares of the company are listed)

BSE Limited
National Stock Exchange of India Ltd

Registrar and Transfer Agents (RTA)

Link Intime India Private Limited

Investors grievance redressal e-mail id

investor.relations@tdps.co.in

Board of Directors**Chairman**

Mohib N. Khericha

Managing Director

Nikhil Kumar

Directors

Hitoshi Matsuo
Nandita Lakshmanan
Arjun Kalyanpur
Nitin Bagamane
Ravi Kanth Mantha
(From 02.12.2013)

Tadao Kuwashima
(Upto 31.03.2014)

Chief Financial Officer

K. G. Prabhakar

Company Secretary

N. Srivatsa

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DIRECTORS' REPORT

Dear Members

Your Directors have pleasure in presenting the Fifteenth Annual Report together with the audited Financial Statements of the Company for the year ended March 31, 2014.

The Company's working has resulted in:

	For the year ended March 31, 2014 (Rs. in Lakhs)	For the year ended March 31, 2013 (Rs. in Lakhs)
Revenue from operations & other Income	38,438.88	44,963.46
Operating Profit (EBITDA)	6,370.94	6,951.54
Finance cost	360.48	341.50
Depreciation & amortization	1,459.94	1,225.38
Profit before Tax (PBT)	4,550.51	5,384.66
Tax expense	1,151.66	1,817.22
Profit after Tax (PAT)	3,398.85	3,567.44
Add: Surplus brought forward from the Previous Year	18,471.97	15,959.34
Available for appropriation	21,870.82	19,526.78
Appropriations		
Provision for Dividends and Tax thereon	894.39	747.14
Transfer to General Reserves	348.85	307.67
Surplus carried to Balance Sheet	20,627.58	18471.97

The negative macroeconomic environment with a sub 5% GDP growth - the lowest in a decade, rising inflation, liquidity contraction, rising interest rates and a depreciating Rupee affected the business confidence resulting in a dismal investment climate in India. This coupled with an uninspiring performance of the manufacturing sector hit by high capital costs, non-availability of raw material, volatility in commodity prices and exchange rates accentuated the struggle the Indian economy witnessed in the financial year 2013-14. The global economy continued to grapple with sluggishness with some advanced countries showing signs of modest recovery.

The performance of the Company was also affected by the above factors as a player in the Capital (power) equipment sector. While order growth was reasonable, revenues declined and the Company's profitability was also impacted due to increased costs and delayed off-take of finished goods.

The highlights of the Company's performance for the year are as under:

- Revenue from operations and other income was lower by 14.51% at Rs. 38,438.88 Lakhs (Rs. 44,963.46 Lakhs). Exports contributed 35.45% of the revenue for the year as compared to 26.96% in the previous year.
- 298 (273) Generators of various ranges up to 40 MW were manufactured.
- Earnings Before interest, tax, depreciation & amortization (EBITDA) lower by 8.35% at Rs. 6,370.93 Lakhs (Rs. 6,951.54 Lakhs)
- Profit after tax decreased by 4.73 % to Rs 3,398.85 Lakhs (Rs. 3,567.44 Lakhs).

The pending orders as of March 31, 2014 is about Rs. 29,562.50 lakhs comprising of both manufacturing (Rs. 27,265.30 lakhs) and project business (Rs. 2,297.20 lakhs). This is expected to improve significantly on the back of an impetus from overseas orders arising out of successful qualification as vendors to large overseas original electrical equipment manufacturers and successful supply of trial orders. On the domestic front, the optimism generated by the election of a single party government is expected to kick start investments and industrial growth is likely to result in an improvement in order book.

DIRECTORS' REPORT (Contd.)

Manufacturing facilities - The Company's new facility (Unit 2 Shop 3) located at Dabaspeta, Bangalore for the production of large Generators has been commissioned on April 25, 2014. Located close to the existing production facilities, the facility is dedicated to the production of large generators in the range of 74 MVA to 250 MVA. The Company is in the process of executing an order for - 2 generators of 84 MVA each in the said new facility.

This new facility along with the expansion of the existing facilities which was commissioned during the last quarter of financial year 2013, substantially enhances the production capacity while incorporating global standards and capabilities for manufacture of generators catering to various types of applications and large generators.

Considering the expected improvement in order levels and various other steps initiated in growing the markets for the Company's products coupled with the enhanced manufacturing facilities, the Directors are confident that the company will be able to sustain and grow its top line and maintain margins in the financial year 2014-15.

DIVIDEND

The Board of Directors have recommended a dividend of Rs. 2.30 per equity share (an increase of 15%) for the year ended March 31, 2014 as against Rs 2.00 per equity share for the year ended March 31, 2013. This Dividend is subject to approval of the shareholders at the forthcoming Annual General Meeting.

MANAGEMENT DISCUSSION & ANALYSIS

Pursuant to clause 49 of the listing agreement with the stock exchanges, the Management Discussion & Analysis report covering operations, performance and outlook of the Company is annexed as **Annexure-III**.

UTILISATION OF IPO PROCEEDS

The company raised Rs. 22,700.00 lakhs by an Initial Public offer (IPO) in August 2011. The shareholders of the Company at the Annual general meeting held on July 12, 2012, approved that the IPO proceeds relating to certain objects of issue may be utilized for objects other than the said objects, including setting up of a new facility for manufacture of advanced AC generators-2pole. The IPO proceeds have been completely utilized as on March 31, 2014 and the objects of the IPO as modified and approved by the Members has been completed.

The following is the statement of utilization of IPO proceeds:

(Rs. in lakhs)				
Sl no	Objects	IPO Proceeds (Total estimated cost)	Transfer to Object No. 6 (Refer Note below)	Utilization as of 31.3.20 14
	(2)	(3)	(4)	(5)
		Rs.	Rs.	Rs.
1	Finance the expansion of our manufacturing plant in Dabaspeta	10,273.60	—	10,273.60
2	Construction of a project office in Bangalore city	2,890.90	2,890.90*	—
3	Repayment of debt	3,280.70	539.13 #	2,741.57##
4	Funding working capital requirements of our Company	4,000.00	4,000.00*	—
5	General corporate purposes	2,254.80	863.98#	1,390.82##
6	Finance our manufacturing facility for 2 Pole generators ranging from 55 MW to 200 MW	—	8,294.01**	8294.01
Total of Sl. No. 1 to 6		22,700.00	22,700.00	22700.00

Note:

- * Amount completely un-utilized as on June 30, 2012.
- # Amount representing savings from stated objects transferred to 6.
- ## Amounts utilized as of June 30, 2012.
- ** Total of 2 to 5 in column 4.

DIRECTORS' REPORT (Contd.)

SUBSIDIARIES

A statement referred to in Clause (e) of sub section 1 of Section 212 of the Companies Act, 1956 disclosing the Company's interest in subsidiaries is attached.

In accordance with the General Circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. However, the disclosure of information relating to subsidiaries under Section 212(8) of Companies Act, 1956 pursuant to the said circular has been attached with the Consolidated Balance Sheet of the Company. The Company will provide a copy of separate annual accounts in respect of each of its subsidiary to any shareholder of the Company who asks for it and the said annual accounts will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies.

A review of the operations of the subsidiaries as follows:

Indian Subsidiary

During the year ended March 31, 2014, due to negative economic situation mainly, the weakness in order inflow continued impacting the performance of the Wholly Owned Subsidiary (WOS) DF Power Systems Private Limited resulting in lower revenues for the year ended March 31, 2014. This in turn affected profitability and for the first time since inception the WOS has reported a net loss of Rs. 668.16 lacs as compared to a profit before tax of Rs. 1,376.35 lacs in the previous year. Consequently, the Directors of the WOS have not recommended any Dividends for the financial year ended March 31, 2013. During the financial year, the WOS bagged an EPC order for Rs. 11,011 lacs for a waste heat recovery based power plant from a leading cement group in India marking a foray into Cement waste heat recovery segment.

The order book as of March 31, 2014 stands at Rs. 14,370 lakhs and this WOS has bid for both domestic and international projects which it hopes to bag in this current financial year. The WOS, however, has put in cost reduction measures enabling it to face the downturn while the basic model of EPC business is being reviewed for realignment to market conditions.

US Subsidiary

TD Power Systems (USA) Inc. incorporated in February, 2013 as a Delaware corporation in the United States of America (USA) as a Wholly Owned Subsidiary (WOS) commenced marketing activities during the year under report and has taken measures to be an effective marketing window for the Company in the USA. While it's seeding efforts have not borne fruits in the year under Report, it is expected that this company will contribute to the turnover in this financial year while becoming self-sustainable in meeting operational costs. The operations of this company during the year under report has resulted in a loss of USD 647,250 (Rs. 388.72 lacs) mainly representing employee and establishment costs. The company's marketing efforts have significantly contributed in high customer visibility resulting in growth in enquiries from the OEM's for the company's generators in USA.

Japan Subsidiary

TD Power Systems Japan KK incorporated on March, 2013 in Tokyo, Japan as a Wholly Owned Subsidiary (WOS) commenced operations during the year. Due to the dismal market conditions in India and sluggish global economic scenario, the primary activity of TG Island business witnessed severe stress further compounded by the strengthening of Japanese yen.

However, the operations of this company during the year under report has resulted in a revenue of Rs. 1,563.62 lacs (JPY 2667.83 lacs) and a profit before tax of Rs. 221.73 lacs (JPY 385.63 lacs) and a profit after tax of Rs. 108.70 lacs (JPY 194.39 lacs). The Company's order book as of March 31, 2014 stands at Rs. 8,585.80 lakhs.

CONSOLIDATED FINANCIAL STATEMENTS

As required in terms of the Listing Agreement with the Stock Exchanges, Consolidated Financial Statements of the Company prepared as per Accounting standard-AS21 consolidating the Company's accounts with its subsidiaries forms part of this Annual Report.

DIRECTORS' REPORT (Contd.)

DIRECTORS

Consequent to being appointed as Resident director and President of the Japan Subsidiary, Mr. Hitoshi Matsuo resigned as Whole-Time Director of the company wef July 31, 2014. However, he continues as a Non-Executive Director of the Company.

Mr. Tadao Kuwashima, Director- Technical resigned as Director of the Company wef March 31, 2014 due to personal and health reasons requiring him to relocate to Japan, his home country.

The Board of Directors place on record their deep appreciation for the outstanding contribution and services rendered by Mr. Matsuo and Mr. Kuwashima in the growth and progress of the Company during their tenure as whole time Directors.

Mr. Hitoshi Matsuo and Ms. Nandita Lakshmanan, Directors, retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment.

The Board of Directors of the Company appointed Mr. Ravi Kanth Mantha as an Additional Director of the Company with effect from December 2, 2013 to hold office up to the date of the ensuing Annual General Meeting and he has been an Independent Director of the Company since that date. Mr. Ravi Kanth Mantha is a Chartered Financial Analyst (CFA) and for ten years from 2001-2011, he was a portfolio Manager at Fidelity Investments in Boston and London, where he co-managed the \$35 billion Select global equity portfolios. He also serves on the advisory board of action for India forum. He is Chairman and President of TiE Singapore chapter and a trustee of TiE global, a global network of entrepreneurs.

Ms. Nandita Lakshmanan, Mr. Nitin Bagamane, Dr. Arjun Kalyanpur and Mr. Ravi Kanth Mantha, Directors are the Independent Directors of the Company in terms of Clause 49 of the listing agreement entered into with the stock exchanges where the company's shares are listed. As per the provisions of the Companies Act, 2013, Independent Directors are required to be appointed by the company in a general meeting, for a term upto five consecutive years and shall not be liable to retire by rotation. Accordingly, appointment of the said Directors as Independent Directors shall be placed at the ensuing Annual General Meeting.

A brief resume of the Directors proposed to be appointed / re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, are provided in the Report on Corporate Governance forming part of the Annual Report.

CORPORATE GOVERNANCE

A separate report on Corporate Governance is included in the Annual Report as **Annexure-IV**. The certificate from a Practicing Company Secretary, regarding the compliance of conditions on Corporate Governance as stipulated in Clause 49 of the Listing Agreement with Stock Exchanges forms part of the said report. As submitted to the Stock exchanges, identification of a person meeting the requirements prescribed under the Listing Agreement for appointment as an Independent Director took considerable time resulting in the non-compliance of Clause 41 of the Listing agreement referred to by the Practicing Company Secretary in his report.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO

Information as required under section 217(1)(e) of the Companies Act 1956 read with Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 has been given in **Annexure-I** to this report.

PARTICULARS OF EMPLOYEES

During the period under review, the statement of employees who were in receipt of remuneration requiring disclosure in terms of Section 217 (2A) of the Companies Act, 1956 has been given in **Annexure-II** to this report.

AUDITORS

The Statutory Auditors M/s. B. K. Ramadhyani & Co., Chartered Accountants, Bangalore, hold office until the conclusion of the ensuing Annual General Meeting and are eligible, for reappointment. The Company has received letters from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 141(3) (g) of the Companies Act, 2013 and that they are not disqualified for re-appointment.

DIRECTORS' REPORT (contd.)

COST AUDIT

In terms of the erstwhile Section 233B of the Companies Act, 1956 read with the directions issued by the Ministry of Corporate Affairs, M/s. Rao, Murthy & Associates (registration number 000065 PAN AAAFR8892D), Cost Accountants, were appointed as Cost Auditors of the Company for the Financial year ended March 31, 2014. The due date of filing the cost audit report for financial year ended March 31, 2014 is September 27, 2014. The Cost audit report for the financial year ended March 31, 2013 has been filed on September 9, 2013.

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:

- that in the preparation of the accounts for the financial year ended March 31, 2014, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any.
- 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 fare view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.
- 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.
- that the Directors have prepared the accounts for the financial year ended March 31, 2014 on a 'going concern' basis

ACKNOWLEDGEMENT

Your Directors place on record their appreciation for the cooperation and continued support extended by the shareholders, suppliers, customers, technology partners, Banks and all employees of the company during the year under report.

Bangalore
May 21, 2014

For and on behalf of the Board of Directors

Mohib N. Khericha
Chairman

DIRECTORS' REPORT (contd.)

STATEMENT PURSUANT TO SECTION 212 (1) (e) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARIES

Sl no	Particulars	DF Power Systems Private Limited	TD Power Systems ** (USA) Inc.	TD Power Systems ** Japan KK
1	Financial year of the Company	March 31, 2014	March 31, 2014	March 31, 2014
2	Shares of the Subsidiary held by TD Power Systems Limited on the above date: Number of shares and face value Extent of Holding	5,999,998 Equity Shares of Rs. 10.00 each 100%	80,100 Equity Shares of USD 10 each fully paid up 100%	2000 Equity Shares of JPY 10000 each fully paid up 100%
3	Net aggregate amount of profit/(loss) of the Subsidiary so far as they concern the members of TD Power Systems Limited i Dealt with in the accounts of TD Power Systems Limited for the year ended March 31, 2014 (Rupees) ii Not dealt with in the accounts of TD Power Systems Limited for the year ended March 31, 2014 (Rupees)	Nil Nil (66,801,894)	Nil Nil (38,871,690)	Nil Nil 10,869,663
4	Net aggregate amount of profit/(loss) for previous financial years of the Subsidiary since it became a subsidiary so far as they concern the members of TD Power Systems Limited i Dealt with in the accounts of TD Power Systems Limited for the year ended March 31, 2014 (Rupees) ii Not dealt with in the accounts of TD Power Systems limited for the year ended March 31, 2014 (Rupees)	Nil Nil 424,222,880	Nil Nil (40,299,498)	Nil Nil 10,525,21

Notes:

- **The Wholly Owned Subsidiary in Japan was incorporated on March 19, 2013 as TD Power Systems Japan KK and in USA as TD Power Systems USA Inc. on February 20, 2013.
- The subsidiary Company's Profit / (Loss) figures have been converted to Indian Rupees at daily average rate, where the reporting currency is other than INR.

For and on behalf of the Board of Directors

Mohib N. Khericha Chairman
Nikhil Kumar Managing Director

K. G. Prabhakar Chief Financial Officer
N. Srivatsa Company Secretary

Bangalore
May 21, 2014

ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE – I

Statement containing particulars pursuant to the Companies (Disclosure of Particulars in the Report of Board Directors) Rules, 1988 forming part of the Directors Report

A. CONSERVATION OF ENERGY

Energy conservation measures taken

- Additional 150 Kva capacitors added to the APFC (automatic power factor correction panel) to improve the power factor when the inductive loads are high.
- In curing ovens, timer is incorporated to control the exhaust motors against running continuously reducing power consumption significantly
- VFD drive is installed for cooling tower fans in the testing department and speed is controlled by the cooling temperature requirement.
- In testing department 11kw, AC induction motor has been introduced instead of 750kw DC drive resulting in power saving.
- In the Varnishing line, blowers, conveyors & deburring drives are controlled to avoid idle running by incorporating timers while loading & unloading of stampings.
- LED & CFL lights are introduced for street lights, instead of 250W, HPSV lamps

Additional Investments and proposals, if any, being implemented for reduction of consumption of energy.

- In both the Units of the Company, LED light fittings are planned for high bay fittings in shopfloor winding & GVPI bay instead of HPSV lamps.
- UPS is planned for lubrication oil system in new testing area to avoid running of 250 KVA DG set. Energy saver panel is planned for lighting circuits in shop floor high bay fittings

Impact of measures (1) & (2) above for reduction of energy consumption and consequent impact on the cost of production of goods

The above measures have resulted in energy saving, optimum utilization and efficiency while enabling the company to substantially save on costs

Total energy consumption and energy consumption per unit of production as per Form A in Respect of industries specified in the Schedule there to:

The details relating to total energy consumption and energy consumption per unit of production is not provided since the company is not covered under the specified industry as per Schedule to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

B. TECHNOLOGY ABSORPTION

I. Efforts made in technology absorption as per Form B below:

FORM B

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION
Research and Development (R&D)

1	Specific area in which R&D carried out by the Company	New design concept implemented for certain frames and introduction of new frame series. Achieving Noise level reduction meeting international norms. New series frame development (Change in Frame assembly concept and overhung exciter construction)
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ANNEXURE TO THE DIRECTOR'S REPORT (Contd.)

2	Benefits derived as a result of the above R&D	The R&D efforts to contribute to quality improvement, process improvements, optimization of design, lower frame weight, functionally well designed structural aspects, more efficient machines resulting in higher production, reduction in costs, enhanced design and products capability leading to customer satisfaction. Will provide opportunity to enter new markets and meet stringent international norms.
3	Future Plan of Action	R&D efforts will continue to be directed towards improving designs to lower costs, enhance performance parameters, meet customer specifications and develop new products for varied applications.
4	Expenditure on R&D (in crore)	
	a) Capital	–
	b) Recurring	Rs. 70,080,669
	c) Total	Rs. 70,080,669
	d) Total R&D expenditure as a percentage of turnover	1.98%

Technology absorption, adaptation and innovation

1	Efforts, in brief, made towards Technology absorption, adaptation and innovation	Development of advanced insulation system, large frames in horizontal configuration, development and manufacture of high power rating machines for a specific application jointly with a global leader, development of generators for wind application with variable parameters are some of the salient efforts. Absorption of technology for generators used for various applications and large generators is in progress.
2	Benefits derived as a result of the above efforts.	Improvement of machine performance, enhanced ability to manufacture generators of various ranges, applications, large sizes and strengthening collaborative manufacturing aspects satisfying performance and quality requirements of global markets.
3	In case of imported technology (imported during the last five years reckoned from the beginning of the FY), following information may be furnished:	
	a) Technology Imported	Design and manufacturing technology in respect of wind and hydro and new generation type generators.
	b) Year of Import	2008/2011/2013
	c) Has technology been fully absorbed	Manufacture of large generators in progress and absorption in respect of critical parts and assemblies completed while in respect of certain other critical parts of a large generator the absorption is under study. Manufacturing commenced in respect of wind generators.
	d) If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action	The technology imported is being absorbed backed by training and development which is a gradual process due to high quality and precision requirements.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans.

- Continuous efforts are on to add new overseas markets/customers and new products. Exports grew from 30.84% in 2012-13 to 39.44% in 2013-14. This is expected to grow to around 45% in 2014-15. Exported products to 65 countries so far including 17 new countries in 2013-14.

ANNEXURE TO THE DIRECTOR'S REPORT (Contd.)

Foreign Exchange earnings & outgo

	Rs. in Lakhs
- Earnings in foreign Exchange [Value of Exports on FOB basis]	13,010.63
- Foreign Exchange outgo (Includes RMC, components, spare parts and other expenditure in Foreign currency)	6,389.47

ANNEXURE – II

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 the less than Rs. 6,000,000 per annum

Name	Designation	Qualification	Age (years)	Date of Joining	Experience (years)	Gross Remuneration (Rs.)	Previous Employment	Designation
Nikhil Kumar	Managing Director	B.E	46	01-10-2001	23	19,485,254	Kirloskar Electric Company Limited, Bangalore	General Manager
Tadao Kuwashima	Director - Technical	B.E	67	01-02-2002	47	10,348,800	Toyo Denki Seizo K.K. Japan	Asst. General Manager

Employed for part of the year and were in receipt of remuneration at the rate of not less than Rs 5,00,000 per month.

Name	Designation	Qualification	Age (years)	Date of Joining	Experience (years)	Gross Remuneration (Rs.)	Previous Employment	Designation
Hitoshi Matsuo #	Director – International	M.E	70	01-07-2002	47	4,008,516	Toyo Denki Seizo K.K. Japan	General Manager

Note:

1. The Managing Director is not related to any Director of the Company.
2. Remuneration includes salary, commission, leave travel allowance, medical allowance and house rent as may be applicable to each of the managerial personnel.
3. ## Mr. Hitoshi Matsuo resigned as Director –International wef July 31, 2013 and was appointed Resident Director and President of the Company's Japan Subsidiary TD Power Systems Japan KK effective August 1, 2013.

For and on behalf of the Board of Directors

Bangalore
May 21, 2014

Mohib N. Khericha
Chairman

ANNEXURE TO THE DIRECTOR'S REPORT (Contd.)

ANNEXURE – III

MANAGEMENT DISCUSSION AND ANALYSIS

From nearly double-digit growth, India's economic growth slumped to sub 5% during the last fiscal. A sliding Rupee, high interest costs, low corporate investments and business confidence, high inflation, growing fiscal and trade deficits continued to dog the Indian economy through the fiscal 2014. Expectations of urgent policy measures to kick-start the investment cycle growth were belied due to a policy paralysis while the impending general election mode in the country infused uncertainty in the economic and business environment. There was no visibility of a sustained Global recovery and the Eurozone economic sluggishness continued unabated affecting India's economic growth. Thus, failing economy, low industrial growth, unfavorable investment climate and the continuing global economic slowdown impacted all segments of the company's business in varying measures in Fiscal 2014.

We are one of the leading manufacturers of AC Generators for a diverse range of prime movers with output capacities ranging from 1 MW –to 200 MW for steam and gas and upto 35 MW for hydro and upto 20 MW diesel and gas engines and customized rating for wind turbines, catering to both conventional and renewable fuel based power plants. As of March 31, 2014 (Fiscal 2014), 2330 generators have been supplied to over 52 countries with an aggregate output capacity of over 18514 MW. The Net sales from our manufacturing business increased by Rs. 4,150.22 Lakhs or 16.24% to Rs. 29,706.67 Lakhs in Fiscal 2014 (from Rs. 25,556.16 Lakhs in Fiscal 2013). The generator business contributed to 64% of Fiscal 2014 revenues of the company. Steam and Hydro contributed to 48% and 30 % respectively of order book for Fiscal 2014 while gas contributed to 11%. A large part of generator sales take place through OEMs but over the last 3 years the customer base is diversified with top 10 customers contributing to 52% of Fiscal 2014 revenues compared to 77% as of Fiscal 2011. Even though Steam generators accounted for 48% and hydro generators 39% of revenue respectively, the contribution of Hydro to the revenues doubled in Fiscal 2014 on the back of our association with a leading hydro power equipment manufacturer. Exports and deemed exports contributed to 50% of sales for Fiscal 2014. Our technical tie ups with world leaders in power equipments has strengthened our overseas markets enabling growing supplies to reputed original equipment manufacturers (OEM'S) in world markets who will largely drive our exports both in the medium and long term.

We also undertake mainly through our Japan branch, Turbine Generator island (TG Island) projects for steam turbine power plants with output capacity up to 55 MW using a Japanese turbine combined with our generator. Net sales from our Project Business (TG island up to 52MW) decreased by Rs. 12,240.80 Lakhs or 72.76% to Rs. 4,582.85 Lakhs in Fiscal 2014 from Rs. 16,823.65 Lakhs in Fiscal 2013. The appreciation of the Japanese yen as well as dismal economic and investment climate in India and worldwide resulted in low order intake adversely impacting this business in Fiscal 2014. Due to strategic reasons continuance of this business is being reviewed.

Our Subsidiary, DF Power Systems Private Limited, is in the business of Engineering, Procurement and Construction, executing Boiler-Turbine Generator island projects and the balance of plant portion for steam turbine power plants with output capacity up to 150 MW. Net Sales from EPC Business decreased by Rs. 4,144.73 Lakhs or 25.39% to Rs. 12,182.01 Lakhs in Fiscal 2014, from Rs. 16,326.74 Lakhs in Fiscal 2013. The order book at the beginning of the year was Rs. 36,131.00 lacs. An order of Rs. 11,011 lacs was received for a waste heat recovery based power project from a leading cement manufacturer in the north. The order book stands at Rs. 14,370.00 lacs 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 lacs from a North-East paper 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.

On a consolidated basis, the Net sales decreased by Rs. 10,683.57 Lakhs or 18.20% to Rs. 48,022.98 Lakhs in Fiscal 2014 from Rs. 58,706.55 Lakhs in Fiscal 2013 due to steep decrease in sales from Project Business and EPC Business as stated above. Consequently, our profit after tax decreased by Rs. 1,903.31 Lakhs or 45.60% to Rs. 2,270.81 Lakhs in Fiscal 2014 from Rs. 4,174.12 Lakhs in Fiscal 2013 due to significant drop in revenues from projects and EPC business in addition to cost base from our US subsidiary.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

OPPORTUNITIES AND THREATS

Opportunities

The new government's mandate is to usher in policy momentum conducive for revival of economic and industrial growth. With revival of industry and economic activity the demand for power is expected to increase substantially thus exerting stress on existing energy resources. The demand supply shortfall, quality and price of power continue to be bottlenecks for industrial growth and if investment by industry is to be fruitful, it is imperative for them to have dependable and cost effective power source. Industries which are power intensive such as steel, aluminum, copper, cement, engineering, sugar, chemicals, will continue to depend on Captive power plants (CPP), the main stay of the company's market segments, thus contributing significantly to the total CPP installed capacity. The technology relationship and qualification efforts initiated by the company are maturing with significant order inflows from global leaders in power equipment industry.

Threats

Generators manufactured by the company cater to captive and cogeneration power producers in the industrial sector whose growth and performance is crucial to the company's performance. Government policy, economic buoyancy, investment climate, interest rate regime, global economic and market conditions drive the growth and performance of the industrial sector in India. A difficult business environment for Industry directly affects investment climate and thus the market conditions for the company's products.

The company operates in a growing competitive environment. Competition in the sizes of generators that our Company currently manufactures is concentrated with few players with global presence and large resources.

All our competitors in the EPC business, both from India and abroad are large companies with significant financial resources which enables them to outbid smaller companies decisively. There is a growing non preference in India for power equipment from China which is a key factor in our EPC business which sources critical power equipment made by large manufacturer's in China.

OUTLOOK

A new union government has been installed on the back of a historic mandate for change and development saddled by very high expectations. While the Indian economy continues to witness stagflation, unabated inflationary worries, failing monsoon, the Indian stock markets and Foreign investors are reflecting high optimism and confidence in the measures that the new government is likely to initiate to kick start industrial and economic revival. The overall business confidence is hopeful and investments are waiting to be unleashed. However, the union budget of the new government is eagerly awaited as it is expected to reflect certain policy measures, avenues and constraints in revenue raising by the government and the bitter pill, the government may prescribe to reign in fiscal deficit without hurting development further.

In the current fiscal, the domestic market continues to remain soft till date for the manufacturing business and a revival if at all, in this market would be sustainable from FY16 driven by industrial capex recovery. We have a healthy market share in steam generators (up to 55MW), in diesel generators and hydro generators and are ready to capitalize on any upswing in domestic as well as overseas demand. While the steam generator market is sluggish, we expect a healthy growth in hydro, gas and windgenerators in Fiscal 2015. Exports will continue to grow in this Fiscal 2015 forming a significant portion of the order inflow as strong business for the hydro segment is expected from Central America and Europe. The Gas engine business is expected to contribute well worldwide, with America, Africa, Australia and Indonesia being the key contributors. The steam generator business is also likely to rise on the back of a tie up with a couple of more European OEMs (original equipment manufacturers). The required investments in expansion of the production facilities for manufacture of lower range generators including wind and diesel engine applications, as well as large generators have been completed out of the full utilization of the IPO proceeds thus enhancing our production capacity to take on expected growth. Our US Subsidiary has made good progress and we expect a good contribution in Fiscal 2015. We have a comfortable order book currently for Fiscal 2015 and are hopeful of increasing the same to support a growth of 20% in manufacturing business over Fiscal 2014.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

The projects business (TG island) is being realigned to meet business requirements and during this Fiscal 2015 revenues from this is expected to be flat. Strategically, in order to focus on growing the markets for the company's generators more OEM alliances will be critical and any activity which may be in conflict with such alliances will have to be reviewed and TG Island business may have to be phased out to meet this objective.

In the EPC business, new project pipeline continues to be limited while the competition is intense. While we are hopeful of booking fresh orders, the revenues from this business is expected to remain flat and is not likely to show any significant growth. Further, our EPC business has framed 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. This has enabled the EPC business to overcome blocking of the working capital in the power project business.

It is expected that the company will sustain growth and profitability year on year in Fiscal 2015 on the back of a growth in manufacturing business. Any substantial improvements in business in the above segments both in India and overseas will contribute to an improved performance. The company maintains a healthy cash position and continues to remain debt free.

RISKS AND CONCERNS

Economic factors

A conducive investment climate and interest rate regime, global economic and market conditions drive growth and performance of the industrial sector which forms the company's customer base.

Depressed economy and a dismal business environment for Industry directly affects investment climate and may affect the demand for the company's products which are capital goods. Prevailing liquidity constraints could lead to rise in receivables.

Technology and Product concentration

Response to and adoption of advanced technology and emerging power generation industry standards and practices on a cost-effective and timely basis is critical to sustaining and growing market reach of the company. Steam turbine generators have been a major contributor of our stand-alone net sales year on year. Response to and adoption of advanced technology relating to steam turbine generators or the development of steam turbine generators that prove superior in quality or effectiveness to our generator could affect our dominant market position in this segment.

Competition

Many large corporations in Europe, Americas and in south east are competitors to the Company. These large corporations have access to advanced technologies, greater global reach, larger financial resources and may benefit from greater economies of scale and operating efficiencies. Competitors may be able to sell their products at prices lower than the company's, which may have an adverse effect on the company's market share and results of operations. The generator as well as the motor manufacturing industry continues to be highly competitive, both in India and internationally.

Delays in contract execution under Power Project Business

In the event that the company fails to complete a power plant project within the specified timeframe, customers are typically entitled to receive liquidated damages for the delay to the extent, the delay is attributable to the company and customers may invoke the bank guarantees provided by the company in connection with the performance of the project or retain security deposits as compensation for such damages. As the company continues to undertake power plant projects of increasing size, it may be increasingly exposed to the risk of delay in the execution of power plant contracts.

RISK MITIGATION MEASURES

The company recognizes the above major risks and has initiated following measures for mitigating the above business related risks.

Focus on exports continues on the back of new product initiatives. In Fiscal 2014 exports contributed to 49% of the revenues

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

and is likely reflect a higher growth in Fiscal 2015. First batch of serial orders for gas, wind and Hydro generators meant for overseas markets have been received on completion of the prequalification process helping the company in achieving a sustainable overseas market presence beginning in this fiscal. The diverse product range catering to steam turbine generators, horizontal hydro generators, vertical hydro generators, diesel engine generators, wind turbine generators, gas engine generators, gas turbine generators, high voltage motors and generators for Geo Thermal and Solar thermal applications enables market presence across the spectrum of generator market in India and overseas and has reduced dependence on any particular industry or market segment. In addition to Steam generators, Hydro and gas contributed significantly to the order book in Fiscal 2014 which is likely to be sustained in Fiscal 2015. Even though Steam generators accounted for a significant portion of the revenues, the contribution of Hydro to the revenues doubled in Fiscal 2014 which is likely to be retained.

Technology absorption has been successful and orders are being received out of some of the agreements having supply frame work terms under which the licensors purchase the generators manufactured under their Licence for their domestic as well as overseas customers while some have a purchase frame work terms under which certain critical components are supplied to the company initially by the licensors.

The Company continues to upgrade its engineered to order platform and design capabilities by incorporating latest technologies in its products and improvements in the design of generators enabling it to offer more efficient machines. Reduction in production -distribution costs and improvement in operating efficiencies are continuously pursued enabling it to offer competitive prices.

The company prioritizes its supply chain in sourcing good quality raw materials and other inputs at competitive prices with high reliability in meeting delivery timelines.

A major portion in an EPC contract undertaken by the company comprises of sourcing and supply of Boiler Turbine generator (BTG) Package for which the company receives a performance bank guarantee from equipment suppliers based on which the company gives a bank guarantee to its customer. This back to back arrangement covers the company from any equipment performance related liquidated damages issues that may arise. In respect of the balance portion of the contract relating to erection and commissioning, the company has a well-experienced project execution team which strictly monitors the project implementation schedule. In case of delay due to unforeseen circumstances the project implementation schedule is revised in consultation with the customers.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has established adequate internal control system, commensurate with the nature of its business and size of its operations in order to ensure quality and reliability of underlying processes focused towards achieving operational efficiency reliability of financial data and safeguarding of assets. Internal controls are evaluated by the external/internal Auditors and supported by Management reviews. All audit observations and follow up actions there on are initiated for resolution by the Finance Function and reported to the Audit Committee.

DISCUSSION ON FINANCIAL/OPERATIONAL PERFORMANCE

The financial statements have been prepared in accordance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles (GAAP). There are no material departures in adoption of the prescribed accounting standards. 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, disclosure of contingent liabilities as the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The estimates and judgments relating to the financial statements have been made on a reasonable basis, so that the financial statements reflect the form and substance of transactions in a true and fair manner and reasonably represent the Company's state of affairs and profit for the year.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

CONSOLIDATED BASIS

The results of operations as of and for the years ended March 31, 2014 (Fiscal 2014) and 2013 (Fiscal 2013) on a consolidated basis is as follows:

Particulars	Fiscal 2014		Fiscal 2013	
	(Rs. in Lakhs)	% of Total Income	(Rs. in Lakhs)	% of Total Income
Income				
Net Sales	48,022.98	93.37	58,706.55	95.01
Other Income	3,409.80	6.63	3,080.35	4.99
Total Income	51,432.78	100.00	61,786.90	100.00
Expenditure				
Consumption of Raw Material, Stores, Spare parts and Components	22,002.79	42.78	20,416.56	33.04
Purchases for Project Business	1,782.85	3.47	9,537.46	15.44
Purchases for EPC	11,379.09	22.12	13,694.66	22.16
Operating and Other Expenses	10,857.13	21.11	10,109.58	16.36
Interest and Finance Charges				
On Fixed Loans	0.00	0.00	0.00	0.00
On other Accounts	361.40	0.70	343.08	0.56
Loss on Sale of Fixed Assets	18.98	0.04	—	—
Depreciation /Amortization of Technical Knowhow	1,495.19	2.91	1,242.29	2.01
Total Expenditure	47,897.42	93.13	55,343.61	89.57
Profit Before Tax	3,535.36	6.87	6,443.29	10.43
Provision for Tax	1,173.03	2.28	1,750.00	2.83
Provision for Wealth Tax	2.10	—	2.41	—
Deferred Tax	89.42	0.17	516.74	—
Profit/(Loss) After Tax	2,270.81	4.41	4,174.14	0.84

FISCAL 2014 COMPARED TO FISCAL 2013

Income

Total income decreased by Rs. 10,354.12 Lakhs or 16.76% to Rs. 51,432.78 Lakhs in Fiscal 2014 from Rs. 61,786.90 Lakhs in Fiscal 2013, due to decrease in net sales.

Net sales

Net sales decreased by Rs. 10,683.57 Lakhs or 18.20% to Rs. 48,022.98 Lakhs in Fiscal 2014 from Rs. 58,706.55 Lakhs in Fiscal 2013, due to steep decrease in sales from Project Business and EPC Business.

Net sales from our manufacturing business increased by Rs. 4,150.22 Lakhs or 16.24%, to Rs. 29,706.67 Lakhs in Fiscal 2014 from Rs. 25,556.16 Lakhs in Fiscal 2013. Net sales of our manufacturing business contributed 57.76% and 41.36% of our Total Income in Fiscal 2014 and 2013 respectively.

Net sales from our Project Business including Japan Subsidiary decreased by Rs. 10,689.36 Lakhs or 63.54% to Rs. 6,134.30 Lakhs in Fiscal 2014 from Rs. 16,823.65 Lakhs in Fiscal 2013 due to weak macroeconomic environment and appreciation of Japanese Yen resulting in low order book. Net sales of our Project Business contributed 8.91% and 27.23% of our Total Income in Fiscal 2014 and 2013 respectively.

Net Sales from EPC Business decreased by Rs. 4,144.73 Lakhs or 25.39% to Rs. 12,182.01 Lakhs in Fiscal 2014 from

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Rs. 16,326.74 Lakhs in Fiscal 2013 due to low order book on account of weak macroeconomic environment. Net sales of our EPC business contributed 23.69% and 26.42% of our Total Income in Fiscal 2014 and Fiscal 2013 respectively.

Expressed as a percentage of total income, net sales decreased to 93.37% in Fiscal 2014 from 95.01% in Fiscal 2013.

Other income

Other income contributed 6.63% and 4.99% of our total income in Fiscal 2014 and 2013 respectively.

Other income increased by Rs. 329.45 Lakhs or 10.70% to Rs. 3,409.80 Lakhs in Fiscal 2014 from Rs. 3,080.35 Lakhs in Fiscal 2013 primarily due to increase in foreign exchange income. Foreign Exchange Gain & translation contributed Rs. 1,059.84 lakhs to other income.

Interest from banks on deposits decreased by Rs. 475.52 Lakhs or 18.09% to Rs. 2,152.76 Lakhs in Fiscal 2014 from Rs. 2,628.28 Lakhs in Fiscal 2013 due to utilization of IPO funds for expansion of our manufacturing facility.

Expenditure

Total expenditure decreased by Rs. 7,446.20 Lakhs or 13.45% to Rs. 47,897.42 Lakhs in Fiscal 2014 from Rs. 55,343.61 Lakhs in Fiscal 2013 due to reduced business volumes and cost reduction initiatives.

Consumption of raw material, stores, spare parts and components

Consumption of raw material, stores, spare parts and components expenses increased by Rs. 1,586.23 Lakhs or 7.77%, to Rs. 22,002.79 Lakhs in Fiscal 2014 from Rs. 20,416.56 Lakhs in Fiscal 2013 primarily due to increase in sales of manufactured goods. Closing stock (of work-in-progress and finished goods) increased by Rs. 2,371.44 Lakhs or 83.64% to Rs. 5,206.64 Lakhs in Fiscal 2014 from Rs. 2,835.20 Lakhs in Fiscal 2013 on account of long lead manufacturing process time. Expressed as a percentage of total income, raw material consumed expenses increased to 42.78% in Fiscal 2014 from 33.04% in Fiscal 2013 due to increased volumes and product mix.

Purchases for Project Business

Our purchases for Project Business including Japan Subsidiary decreased by Rs. 7,754.61 Lakhs or 81.31% to Rs. 1,782.85 Lakhs in Fiscal 2014 from Rs. 9,537.46 Lakhs in Fiscal 2013 due to reduced business volume. Expressed as a percentage of total income, purchases for Project Business reduced to 3.47% in Fiscal 2014 from 15.44% in Fiscal 2013.

Purchases for EPC

Our purchases for EPC decreased by Rs. 2,315.57 Lakhs or 16.91% to Rs. 11,379.09 Lakhs in Fiscal 2014 from Rs. 13,694.66 Lakhs in Fiscal 2013 due to reduced business volumes. Expressed as a percentage of total income, purchases for EPC expenses decreased to 22.12% in Fiscal 2014 from 22.16% in Fiscal 2013.

Operating and other expenses

Our operating and other expenses increased by Rs. 747.55 Lakhs or 7.39% to Rs. 10,857.13 Lakhs in Fiscal 2014 from Rs. 10,109.58 Lakhs in Fiscal 2013 due to cost base from our US Subsidiary.

Personnel expenses through salaries, wages and bonuses increased by Rs. 793.18 Lakhs or 22.04% to Rs. 4,391.48 Lakhs in Fiscal 2014 from Rs. 3,598.30 Lakhs in Fiscal 2013 basically due to increase in salaries. Workmen and staff welfare expenses decreased by Rs. 68.84 Lakhs or 8.51% to Rs. 740.01 Lakhs in Fiscal 2014 from Rs. 808.93 Lakhs in Fiscal 2013 resulting for various cost reduction initiatives.

Rent charges decreased by Rs. 126.61 Lakhs or 35.07% to Rs. 234.41 Lakhs in Fiscal 2014 from Rs. 361.02 Lakhs in Fiscal 2013 primarily due to termination of lease of additional factory premises.

Royalty charges decreased by Rs. 27.88 Lakhs or 63.79% to Rs. 15.83 Lakhs in Fiscal 2014 from Rs. 43.71 Lakhs in Fiscal 2013 primarily due to reduced sale of products under licens agreement.

Travelling charges increased by Rs. 215.65 Lakhs or 19.93% to Rs. 1,297.64 Lakhs in Fiscal 2014 from Rs. 1,081.99 Lakhs in Fiscal 2013 due to increased foreign travel to support the export thrust.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Bank charges decreased by Rs. 310.28 Lakhs or 54.74% to Rs. 256.57 Lakhs in Fiscal 2014 from Rs. 566.85 Lakhs in Fiscal 2013 due to reduced foreign exchange loss an amount of rupee depreciation.

Direction charges including other expenses decreased by Rs. 130.25 Lakhs or 19.82% to Rs. 526.84 Lakhs in Fiscal 2014 from Rs. 657.09 Lakhs in Fiscal 2013 due to reduced profits of the Company.

Power and fuel expenses increased by Rs. 57.72 Lakhs or 9.35% to Rs. 674.86 Lakhs in Fiscal 2014 from Rs. 617.13 Lakhs in Fiscal 2013 on account of additional power consumption from the State Electricity Board for our Unit 2 manufacturing facility.

Repair expenses increased by Rs. 53.96 Lakhs or 22.02% to Rs. 299.02 Lakhs in Fiscal 2014 from Rs. 245.06 Lakhs in Fiscal 2013 due to repairs and replacement of components and maintenance of other office equipments.

Software expenses on ERP solutions increased by Rs. 36.52 Lakhs or 28.71% to Rs. 163.73 Lakhs in Fiscal 2014 from Rs. 127.20 Lakhs in Fiscal 2013 due to purchase of software required for engineering department and additional licences for ERP.

Insurance expenses increased by Rs. 42.88 Lakhs or 55.43% to Rs. 120.23 Lakhs in Fiscal 2014 from Rs. 77.35 Lakhs in Fiscal 2013 on account of increased exports requiring product liability coverage.

Manufacturing expenses increased by Rs. 14.83 Lakhs or 15.21% to Rs. 112.32 Lakhs in Fiscal 2014 from Rs. 97.49 Lakhs in Fiscal 2013

Selling expenses increased by Rs. 52.06 Lakhs or 12.70% to Rs. 461.95 Lakhs in Fiscal 2014 from Rs. 409.89 Lakhs in Fiscal 2013, on account of increased exports.

Expressed as a percentage of total income, operating and other expenses increased to 21.11% in Fiscal 2014 from 16.36% in Fiscal 2013.

Interest and finance charges

Our interest and finance charges increased by Rs. 18.32 Lakhs or 5.34% to Rs. 361.40 Lakhs in Fiscal 2014 from Rs. 343.08 Lakhs in Fiscal 2013, due to increased utilization of working capital facility.

Depreciation and amortization of technical know-how

Our depreciation and amortization of technical know-how expense increased by Rs. 252.90 Lakhs or 20.36% to Rs. 1,495.19 Lakhs in Fiscal 2014 from Rs. 1,242.29 Lakhs in Fiscal 2013 due to an increase in capitalisation of fixed assets.

Profit before tax

Profit before tax decreased by Rs. 2,907.92 Lakhs or 45.13% to Rs. 3,535.36 Lakhs in Fiscal 2014 from Rs. 6,443.28 Lakhs in Fiscal 2013.

Taxation

Our tax expense decreased by Rs. 1,004.61 Lakhs or 44.27% to Rs. 1,264.55 Lakhs in Fiscal 2014 from Rs. 2,269.16 Lakhs in Fiscal 2013 due to reduced profits & tax planning.

Profit / (loss) after tax

Consequently, our profit after tax decreased by Rs. 1,903.31 Lakhs or 45.60% to Rs. 2,270.81 Lakhs in Fiscal 2014 from Rs. 4,174.12 Lakhs in Fiscal 2013.

Capital Expenditure

Capital expenditures represent the increase in the value of our fixed assets plus changes in capital work in progress (i.e. expenses incurred in relation to work in progress but not capitalized). Our capital expenditure in Fiscal 2013 and 2014 were Rs. 3,483.42 and Rs. 8,133.25 Lakhs respectively. These capital expenditures were incurred primarily towards expanding our manufacturing facility and building a new facility for manufacture of Large Generators as detailed in the Directors' report.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

STANDALONE BASIS

The results of operations as of and for the years ended March 31, 2014 (Fiscal 2014) and 2013 (Fiscal 2013) on a stand-alone basis, comprising of manufacturing business and projects business is as follows:

Particulars	Fiscal 2014		Fiscal 2013	
	(Rs. in Lakhs)	% of Total Income	(Rs. in Lakhs)	% of Total Income
Income				
Net Sales	35,418.91	92.14	42,379.81	94.26
Other Income	3,019.98	7.86	2,583.65	5.74
Total Income	38,438.89	100.00	44,963.46	100.00
Expenditure				
Consumption of Raw Material, Stores, Spare parts and Components	22,002.79	57.24	20,416.56	45.41
Purchases for Project Business	1,867.57	4.86	9,537.46	21.21
Operating and Other Expenses	8,178.61	21.28	8,057.90	17.92
Interest and Finance Charges:				
On Fixed Loans	—	—	—	—
On other Accounts	360.48	0.94	341.50	0.76
Loss on Sale of Fixed Assets	18.98	0.05	—	—
Depreciation Amortization of Technical Knowhow	1,459.94	3.80	1,225.38	2.73
Total Expenditure	33,888.37	88.16	39,578.80	88.02
Profit Before Tax	4,550.52	11.84	5,384.66	11.98
Provision for Tax	1,060.00	2.76	1,280.00	2.85
Provision for Wealth Tax	1.99	—	2.39	—
Deferred Tax	89.68	0.23	534.83	1.19
Profit/(Loss) After Tax	3,398.86	8.84	3,567.44	7.43

Fiscal 2014 compared to Fiscal 2013**Income**

Total income decreased by Rs. 6,524.57 Lakhs or 14.51% to Rs. 38,438.89 Lakhs in Fiscal 2014 from Rs. 44,963.46 Lakhs in Fiscal 2013 due to decrease in net sales.

Net sales

Net sales decreased by Rs. 6,960.90 Lakhs or 16.43% to Rs. 35,418.91 Lakhs in Fiscal 2014 from Rs. 42,379.81 Lakhs in Fiscal 2013 due to steep decrease in sales from our Project Business.

Net sales from our manufacturing business increased by Rs. 4,150.22 Lakhs or 16.24% to Rs. 29,706.67 Lakhs in Fiscal 2014 from Rs. 25,556.16 Lakhs in Fiscal 2013. Net sales of our manufacturing business contributed 80.22% and 56.84% of our Total Income in Fiscal 2014 and 2013 respectively.

Net sales from our Project Business decreased by Rs. 12,240.80 Lakhs or 72.76% to Rs. 4,582.85 Lakhs in Fiscal 2014 from Rs. 16,823.65 Lakhs in Fiscal 2013 due to weak macroeconomic environment and appreciation of Japanese Yen resulting in low order book. Net sales of our Project Business contributed 11.92% and 37.42% of our Total Income in Fiscal 2014 and 2013 respectively.

Expressed as a percentage of total income, net sales decreased to 92.14% in Fiscal 2014 from 94.25% in Fiscal 2013.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)**Other income**

Other income contributed 7.86% and 5.75% of our total income in Fiscal 2014 and 2013 respectively.

Other income increased by Rs. 436.33 Lakhs or 16.89% to Rs. 3,019.98 Lakhs in Fiscal 2014 from Rs. 2,583.65 Lakhs in Fiscal 2013 primarily due to increase in foreign exchange income. Interest from banks on deposits decreased by Rs. 435.99 Lakhs or 24.98 % to Rs. 1,309.42 Lakhs in Fiscal 2014 from Rs. 1,745.42 Lakhs in Fiscal 2013 due to utilization of funds for expansion of our manufacturing facility. Foreign Exchange gain & translation contributed Rs. 1,269.08 Lakhs to other income.

Total expenditure decreased by Rs. 374.25 Lakhs or 14.38% to Rs. 33,888.37 Lakhs in Fiscal 2014 from Rs. 39,578.80 Lakhs in Fiscal 2013 due to reduced volumes and cost reduction initiatives.

Consumption of raw material, stores, spare parts and components.

Consumption of raw material, stores, spare parts and components expenses increased by Rs. 1,586.23 Lakhs or 7.77% to Rs. 22,002.79 Lakhs in Fiscal 2014 from Rs. 20,416.56 Lakhs in Fiscal 2013 primarily due to increase in sales of manufactured goods. Closing stock (of work-in-progress and finished goods) increased by Rs. 2,371.44 Lakhs or 83.64% to Rs. 5,206.64 Lakhs in Fiscal 2014 from Rs. 2,835.20 Lakhs in Fiscal 2013 on account of long lead manufacturing process time. Expressed as a percentage of total income raw material consumed expenses increased to 57.24 % in Fiscal 2014 from 45.41% in Fiscal 2013 due to increased volumes and product mix.

Purchases for Project Business

Our purchases for Project Business decreased by Rs. 7,669.89 Lakhs or 80.42% to Rs. 1,867.57 Lakhs in Fiscal 2014 from Rs. 9,537.46 Lakhs in Fiscal 2013 due to reduced volume. Expressed as a percentage of total income, purchases for Project Business reduced to 4.86 % in Fiscal 2014 from 21.21% in Fiscal 2013.

Operating and other expenses

Our operating and other expenses increased by Rs. 120.71 Lakhs or 1.50% to Rs. 8,178.61 Lakhs in Fiscal 2014 from Rs. 8,057.90 Lakhs in Fiscal 2013.

Personnel expenses on account of salaries, wages and bonus increased by Rs. 793.18 Lakhs or 22.04% to Rs. 3,146.14 Lakhs in Fiscal 2014 from Rs. 2,749.25 Lakhs in Fiscal 2013 basically due to increase in salaries.

Rent charges decreased by Rs. 139.81 Lakhs or 47.69 % to Rs. 153.37 Lakhs in Fiscal 2014 from Rs. 293.19 Lakhs in Fiscal 2013 primarily due to termination of lease for additional factory premises.

Royalty charges decreased by Rs. 27.88 Lakhs or 63.79% to Rs. 15.83 Lakhs in Fiscal 2014 from Rs. 43.71 Lakhs in Fiscal 2013 primarily due to reduced sale of product under license agreements.

Travelling charges increased by Rs. 127.55 Lakhs or 15.97% to Rs. 926.18 Lakhs in Fiscal 2014 from Rs. 798.64 Lakhs in Fiscal 2013 due to increased foreign travel to support export thrust.

Bank charges decreased by Rs. 271.32 Lakhs or 66.31% to Rs. 137.83 Lakhs in Fiscal 2014 from Rs. 409.15 Lakhs in Fiscal 2013 due to reduced foreign exchange loss due to rupee depreciation.

Direction charges including other expenses decreased by Rs. 187.43 Lakhs or 30.97% to Rs. 417.83 Lakhs in Fiscal 2014 from Rs. 605.25 Lakhs in Fiscal 2013 due to reduced profits of the Company.

Power and fuel expenses increased by Rs. 58.60 Lakhs or 9.75% to Rs. 659.87 Lakhs in Fiscal 2014 from Rs. 601.27 Lakhs in Fiscal 2013 on account of additional power from the State Electricity Board for our Unit 2 manufacturing facility.

Repair expenses increased by Rs. 41.38 Lakhs or 17.85% to Rs. 273.13 Lakhs in Fiscal 2014 from Rs. 231.76 Lakhs in Fiscal 2013 due to repair and replacement of components and maintenance of other office equipments.

Software expenses on ERP solutions increased by Rs. 36.52 Lakhs or 28.71% to Rs. 163.73 Lakhs in Fiscal 2014 from

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Rs. 127.20 Lakhs in Fiscal 2013 due to purchase of software required for engineering department and additional licences for ERP.

Insurance expenses increased by Rs. 33.21 Lakhs or 45.37% to Rs. 106.41 Lakhs in Fiscal 2014 from Rs. 73.20 Lakhs in Fiscal 2013, on account of increased exports requiring product liability coverage.

Manufacturing expenses increased by Rs. 13.17 Lakhs or 13.51% to Rs. 110.66 Lakhs in Fiscal 2014 from Rs. 97.49 Lakhs in Fiscal 2013

Selling expenses increased by Rs. 54.67 Lakhs or 13.45% to Rs. 461.10 Lakhs in Fiscal 2014 from Rs. 406.43 Lakhs in Fiscal 2013, on account of increased exports.

Expressed as a percentage of total income, operating and other expenses increased to 21.28% in Fiscal 2014 from 17.92 in Fiscal 2013.

Interest and finance charges

Our interest and finance charges increased by Rs. 18.99 Lakhs or 5.56% to Rs. 360.48 Lakhs in Fiscal 2014 from Rs. 341.50 Lakhs in Fiscal 2013 due to increased utilization of the working capital facility.

Depreciation and amortization of technical know-how

Our depreciation and amortization of technical know-how expense increased by Rs. 234.55 Lakhs or 19.14% to Rs. 1,459.94 Lakhs in Fiscal 2014 from Rs. 1,225.38 Lakhs in Fiscal 2013 due to an increase in capitalisation of fixed assets.

Profit before tax

Profit before tax decreased by Rs. 834.14 Lakhs or 15.49% to Rs. 4,550.52 Lakhs in Fiscal 2014 from Rs. 5,384.66 Lakhs in Fiscal 2013.

Taxation

Our tax expense decreased by Rs. 665.56 Lakhs or 36.63% to Rs. 1,151.66 Lakhs in Fiscal 2014 from Rs. 1,817.22 Lakhs in Fiscal 2013 due to reduced profits & tax planning.

Profit/(loss) after tax

Consequently our profit after tax decreased by Rs. 168.58 Lakhs or 4.73% to Rs. 3,398.86 Lakhs in Fiscal 2014 from Rs. 3,567.44 Lakhs in Fiscal 2013.

Capital Expenditure

Capital expenditure represent the increase in the value of our fixed assets plus changes in capital work in progress (i.e., expenses incurred in relation to work in progress but not capitalized). Our capital expenditures in Fiscal 2013 and 2014 were Rs. 3,277.97 and Rs. 8,101.69 Lakhs, respectively. These capital expenditure was incurred primarily towards expanding our manufacturing facility and building a new facility for manufacture of Large Generators as detailed in the Director's report.

HUMAN RESOURCES DEVELOPMENT AND INDUSTRIAL RELATIONS

Employee relations continue to remain peaceful and cordial. The company recognizes that its workforce is critical to the Company's success and therefore, is committed to maintaining and developing the overall knowledge of the workforce.

The company believes in equal opportunity in recruitment and in the course of the employment among employees regardless of color, race, gender, social origin, caste or religion. Efforts are continuously made to create an inclusive work environment for women and to integrate them in organizational functions.

The company firmly believes that every woman employee of the Company has a right to work in an environment free from sexual harassment, intimidation or offensive behaviour and in which issues of harassment will be resolved without fear of reprisal. In this direction a Policy on prevention/prohibition of sexual harassment of woman at Company's workplace

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

has been issued to take effective measures to avoid and to eliminate and if necessary to impose punishment for any sexual harassment in the company's work place integrated with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Company's leadership engages affirmatively in employee development and engagement activities such as involvement in the Corporate Responsibility initiatives, active participation of work force in safety initiatives, quality improvement programs, language skills, leadership development programs, training programs and training under license agreements on an ongoing basis.

The Company continues to reinforce the Code of Business Conduct across functions/workforce. In order to enhance communication and to create a congenial environment, the organizational leadership and the shop-floor employees of the company have invested significant amount of time and effort.

As on March 31, 2014 the total strength of employees stood at 814 including our subsidiary company. The attrition rate is less than 2% annually. We are in the process of finalizing a new wage agreement keeping in view the requirements of quality, productivity and efficiency in today's competitive environment.

CAUTIONARY STATEMENT

Statement in the Management Discussion and Analysis Report describing the company's plans, estimates and projections may be forward looking statements' within the meaning of applicable securities laws and regulations. Actual results may materially differ from those expressed or implied in the report.

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ANNEXURE TO THE DIRECTORS REPORT

ANNEXURE – IV**REPORT ON CORPORATE GOVERNANCE****COMPANY'S PHILOSOPHY**

In accordance with Clause 49 of the Listing Agreement BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE), your Company is committed to and continues to practice good Corporate Governance to enrich the value for stakeholders. The Company's Code of Business Conduct and Ethics is an extension of our values and reflects our steadfast commitment to ethical business practices and regulatory compliances.

CODE OF CONDUCT

The Code of Conduct for all employees including Senior Management and the Directors is posted on the Company's website. Further, all the Board members and senior management personnel (as per Clause 49 of the Listing Agreement) have affirmed their compliance with the Code of Conduct. A declaration to this effect signed by the Managing Director forms part of this report.

We believe, we have complied with the requirements of corporate governance contained in the Listing Agreement, particularly those relating to composition of Board of Directors, constitution of Committees such as a Audit Committee, Shareholder Grievance Committee and Remuneration Committee.

The operations of the Company are conducted under the supervision and directions of the Board within the framework set by the Companies Act, 1956 its Articles of Association, SEBI Guidelines and the Listing Agreements with the stock exchanges.

BOARD OF DIRECTORS**Composition**

The Board of Directors (Board) is constituted in compliance with the Companies Act, 1956 and the Listing Agreement with the Stock Exchanges.

The composition of the Board as on March 31, 2014 comprised of eight Directors consisting of a Non-Executive Chairman, a Managing Director and a Non Independent Director who are our individual promoters, a Whole Time Director and four Independent Directors. The positions of Chairman of the Board and Managing Director (Chief Executive Officer) of the Company are held by separate individuals. The Chairman of the Board is a Non-Executive Non-Independent Director and one of the Promoters.

Category of Directors, attendance at Board Meetings & Annual General Meeting, membership of other Boards Committees as on March 31, 2014:

Name	Category	Board meetings during the year	Board meetings attended	Attendance at AGM	Directorship in other companies*		Chairmanship/ committee membership of other companies**	
					Chairman	Director	Chairman	Member
Mr. Mohib N. Khericha	Non-Executive Chairman	4	4	Yes	—	5	3	4
Mr. Nikhil Kumar	Managing Director	4	4	Yes	—	—	—	—
Mr. Hitoshi Matsuo	Director	4	4	Yes	—	—	—	1
Mr. Tadao Kuwashima #	Director (Whole Time)	4	4	No	—	—	—	—
Ms. Nandita Lakshmanan	Independent Director	4	4	Yes	—	—	—	—
Dr. Arjun Kalyanpur	Independent Director	4	3	No	—	—	—	—
Mr. Nitin Bagamane	Independent Director	4	4	Yes	—	3	—	—
Mr. Ravi Kanth Mantha ##	Independent Director	4	1	Na	—	—	—	—

Mr. Tadao Kuwashima, Whole - Time Director (designated Director Technical), whose term of office (as Whole Time Director) was to end on August 31, 2014, has tendered resignation as Director of the company effective from closing of business hours on March 31, 2014 owing to health and personal reasons requiring him to relocate to his home country -Japan.

CORPORATE GOVERNANCE REPORT (Contd.)

The Board of Directors of the Company appointed Mr. Ravi Kanth Mantha as an Additional Director (Category - Independent / Non-Executive) of the Company with effect from December 2, 2013.

* Excludes Private Limited Companies, Foreign Companies, Proprietorships and Section 25 Companies.

** Includes Audit Committee and Share Allotment, Transfers and Investor Grievance Committee.

- No Director is, interse, related to any other Director on the Board.
- None of the Directors of the Board is a member of the Board of more than fifteen Companies or a member of more than 10 Board Committees or a Chairman of more than 5 such Committees.
- Excepting Mr. Mohib N. Khericha and Mr. Hitoshi Matsuo who hold 1,846,860 and 42,35,254 Equity Shares of the Company, no other Non-Executive Director holds shares of the Company

Board Meetings

During the financial year ended March 31, 2014, 4 Board meetings were held on May 22, 2013, August 05, 2013, November 11, 2013 and February 12, 2014. The maximum interval between any two meetings was well within the maximum period of four months. The attendance of each of the directors at the Board Meeting(s) is given in the table above.

Non-executive Directors' Compensation

Non-Executive Directors are paid sitting fees for attending Board/Committee Meetings and no commission/share of profit is paid to them. The details of sitting fees paid to them are disclosed under Details of remuneration in page of this report.

Profile of Directors being re-appointed as required under Clause 49 of the listing agreement

Name	Mr. Hitoshi Matsuo	
Qualifications	Master's degree in Electrical Engineering from Kanazawa University	
Date of Appointment	31/01/2001	
Expertise in specific Functional areas	He has over four decades of work experience in high voltage vacuum contractor design, power plant engineering and power plant sales and prior to joining our Company he worked with Toyo Denki Seizo KK Japan as General Manager.	
Directorships held		
Company	Designation	
M/s. DF Power Systems Private Limited	Director	
M/s. TD Power Systems (USA) INC	Director	
M/s. TD Power Systems Japan KK	Director	
Membership of Committees		
Company	Committee	Chairman/Member
M/s. DF Power Systems Private Limited	Audit Committee	Member
Shares held in the Company	4235254	
Name	Ms. Nandita Lakshmanan	
Qualifications	Master's degree in Arts (English Literature) from the Delhi University	
Date of Appointment	January 13, 2011	
Expertise in specific Functional areas	She has over a decade of work experience in public relations consultancy and is the founder and Chief Executive Office of M/s. PR actice Strategic Communications India Private Limited, a public relations firm specializing in technology, healthcare, education and consumer domains. She has also served the Public Relations Consultants	

CORPORATE GOVERNANCE REPORT (Contd.)

	Association of India (PRCAI) as President from 2006 to 2008. Currently she heads the knowledge forum at PRCAI and is also on the board of Dream a Dream, a non-government organisation focused on imparting life skills to children.
Directorships held	
Company	Designation
M/s. PRactice Strategic Communications India Private Limited	Director
M/s. Golden Kitchens Private Limited	Director
TD Power Systems Japan KK	Director
Membership of Committees	Nil
Shares held in the Company	Nil
Name	Mr. Ravi Kanth Mantha
Qualifications	B.A in liberal arts from the University of Puget Sound in Washington State and Chartered Financial Analyst (CFA)
Date of Appointment	December 2, 2013
Expertise in specific Functional areas	An author, social entrepreneur, angel investor and corporate adviser, he is developing an affordable housing community, is an investor in an affordable school project, as well as a project employing disabled youth in a commercial venture. He also serves on the advisory board of the Action for India forum. He is Chairman and President of TiE Singapore chapter and a trustee of TiE global, a global network of entrepreneurs. For ten years from 2001-2011, he was a portfolio manager at Fidelity Investments in Boston and London, where he co- managed \$35 billion Select global equity portfolios. He is also a best-selling author of non-fiction.
Directorships held	
Company	Designation
M/s. Asian GencoPte Ltd, Singapore	Director
M/s. Venture Finance & Development Corporation Limited	Director
M/s. Aasadeep Projects Private Limited	Director
M/s. Sagelock Farms Private Limited	Director
Membership of Committees	Nil
Shares held in the Company	Nil
Name	Dr. Arjun Kalyanpur
Qualifications	Bachelor of Medicine, Bachelor of Surgery (MBBS) from the All India Institute of Medical Sciences, Delhi. Fellowships in Diagnostic Radiology, Section of Ultrasound, CT and MRI (body) from The New York Hospital-Cornell Medical Centre and fellowships in Diagnostic Radiology, Section of Neuroradiology from Yale University School of Medicine
Date of Appointment	January 13, 2011
Expertise in specific Functional areas	He has over a decade of work experience in diagnostic radiology and internal medicine. He is also an assistant clinical professor at the Department of Diagnostic Radiology at Yale University School of

CORPORATE GOVERNANCE REPORT (Contd.)

	Medicine. He received the Modern Medicare Excellence Award for the Entrepreneur of the Year award in 2007.
Directorships held	
Company	Designation
M/s Teleradiology Solutions Pvt. Ltd.	Director
M/s Telerad Tech Pvt. Ltd.	Director
M/s Telerad RX DX Healthcare Pvt. Ltd.	Director
M/s Image Core Lab Private Limited	Director
Membership of Committees	Nil
Shares held in the Company	Nil
Name	Mr. Nitin Bagamane
Qualifications	B.A. from St. Joseph College of Arts and Science, Bangalore
Date of Appointment	January 13, 2011
Expertise in specific Functional areas	He has over 22 years of work experience in business and industry. He is associated with manufacture and export of granite products as well as real estate and construction activities for the past twenty years. Currently, he manages a Special Economic Zone for IT activity in Bangalore.
Directorships held	
Company	Designation
M/s Tanglin Developments Limited	Director
M/s Giri Vidhyuth (India) Limited	Director
M/s Kesar Marble and Granite Limited	Director
M/s Tanglin Retail Reality Developments Pvt. Ltd.	Director
M/s Alps Granites Private Limited	Managing Director
M/s Alps Stone Private Limited	Director
M/s Elephanta Business Consultancy Services Pvt. Ltd.	Director
M/s Kurkenmutty Estates Private Limited	Director
M/s Fountain Real Estates & Developers Pvt. Ltd.	Director
M/s DF Power Systems Private Limited	Director
Membership of Committees	DF Power system Pvt. Ltd - Audit Committee
Shares held in the Company	Nil

BOARD COMMITTEES

AUDIT COMMITTEE

The Audit Committee consists of three Independent Directors and a non-Independent Director who is the Chairman of the Board. The Audit Committee is headed by Mr. Nithin Bagamane an Independent Director as Chairman and Dr. Arjun Kalyanpur, Ms. Nandita Lakshmanan and Mr. Mohib N. Khericha as members of the Committee.

All the current members of the Committee have relevant experience in financial matters and a member of Committee Mr. Mohib N. Khericha is a member of the Institute of Chartered Accountants of India. The Chairman of the Audit Committee Mr. Nithin Bagamane attended the 14th Annual General Meeting held on Friday, September 20, 2013.

CORPORATE GOVERNANCE REPORT (Contd.)

The Audit Committee met 4 times during the financial year ended March 31, 2014, on May 22, 2013, August 05, 2013, November 11, 2013 and February 12, 2014. Particulars of attendance by the members of the Committee during the year ended March 31, 2014 are as follows:

Date of meeting	Members present
May 22, 2013	Mr. Nitin Bagamane, Mr. Mohib N. Khericha, Dr. Arjun Kalyanpur, Ms. Nandita Lakshmanan
August 05, 2013	Mr. Nitin Bagamane, Mr. Mohib N. Khericha, Ms. Nandita Lakshmanan
November 11, 2013	Mr. Nitin Bagamane, Mr. Mohib N. Khericha, Dr. Arjun Kalyanpur and Ms. Nandita Lakshmanan
February 12, 2014	Mr. Nitin Bagamane, Mr. Mohib N. Khericha, Dr. Arjun Kalyanpur, Ms. Nandita Lakshmanan

The Company Secretary is the Secretary of the Audit Committee.

The meetings of the Audit Committee are also attended by the Managing Director, Whole Time Directors and the Chief Financial Officer. The Statutory Auditors attended all four meetings as special invitees to provide comments and share concerns, if any, with the Audit committee.

The Audit Committee is mandated to oversee and supervise the Company's internal control aspects and financial reporting process including the following functions

- Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending the appointment, re-appointment, and replacement of the statutory auditor and the fixation of audit fee and approval of payments for any other services rendered by them.
- Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval with particular reference to the matters specified in the Listing Agreement.
- Reviewing with the management, the performance of statutory and internal auditors and adequacy of the internal control systems.
- Discussion with internal auditors any significant findings and follow up thereon.
- Review of management discussion and analysis of financial condition and results of operations, statements of significant related party transactions submitted by management, management letters/ letters of internal control weaknesses issued by the statutory auditors, internal audit reports relating to internal control weaknesses and the appointment, removal and terms of remuneration of the internal auditor.
- The audit committee also reviews inter alia related party transactions and the financial statements, minutes of Board meeting and audit committee meetings of the Company's unlisted Wholly Owned Subsidiary and all significant transactions and arrangements entered into by the said subsidiary.

REMUNERATION COMMITTEE

The Remuneration Committee consists of Dr. Arjun Kalyanpur as the Chairman and Ms. Nandita Lakshmanan and Mr. Mohib N. Khericha as members of the Committee.

The Company Secretary acts as the Secretary to the Remuneration Committee.

The role of the Remuneration committee includes the following:

- Determine on behalf of the Board and the shareholders the company's policy on specific remuneration packages for Executive Directors including pension rights and any compensation payments;

CORPORATE GOVERNANCE REPORT (Contd.)

- Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

During the financial year 2013- 2014 the Committee met on May 22, 2013 and all members of the Committee attended the meeting.

Details of remuneration to Directors

Name	Salary Rs.	PF Contribution Rs.	LTA + Medical/ Ex-gratia Rs.	Commission Rs.	Sitting fee Rs.	Total remuneration Rs.
Mr. Mohib N. Khericha	Nil	Nil	Nil	Nil	162,000	162,000
Mr. Nikhil Kumar	14,520,000	1,742,400	2,420,000	802,854	Nil	19,485,254
Mr. Hitoshi Matsuo	4,008,516	Nil	Nil	Nil	36,000	4,044,516
Mr. Tadao Kuwashima	9,240,000	1,108,800	Nil	Nil	Nil	10,348,800
Mr. Nitin Bagamane	Nil	Nil	Nil	Nil	1,44,000	144,000
Ms. Nandita Lakshmanan	Nil	Nil	Nil	Nil	1,62,000	162,000
Dr. Arjun Kalyanpur	Nil	Nil	Nil	Nil	126,000	126,000
Mr. Ravi Kanth Mantha	Nil	Nil	Nil	Nil	20,000	20,000

SHARE ALLOTMENT, TRANSFERS AND INVESTOR GRIEVANCE COMMITTEE

The Share Allotment, Transfers and Investor Grievance Committee consists of Mohib N. Khericha as the Chairman, Dr. Arjun Kalyanpur and Ms. Nandita Lakshmanan as members of the committee.

The role of the committee includes the following:

- Investor relations and redressal of shareholders grievances in general and relating to non-receipt of dividends, interest, non-receipt of annual report etc.
- Reference to statutory and regulatory authorities for investors grievances.
- Dematerialisation/rematerialisation and transfer and transmission of company's shares
- Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

The Company Secretary is the Compliance Officer. During the financial year ended March 31, 2014 no complaints have been received or pending from the shareholders. The committee has not met during financial year ended March 31, 2014.

CEO / CFO CERTIFICATION

The Managing Director and Chief Financial Officer of the Company have certified to the Board of Directors, inter alia, the accuracy of financial statements and adequacy of internal controls for the financial reporting purpose as required under the Listing Agreement, for the year ended March 31, 2014.

CORPORATE GOVERNANCE REPORT (Contd.)

SHAREHOLDER INFORMATION

GENERAL BODY MEETINGS

Details of last 3 Annual General Meetings and summary of Special Resolutions passed therein:

Financial Year Ended	Date & Time	Venue	Special Resolutions passed
March 31, 2011	June 25, 2011 11.00 am	#27, 28 & 29, KIADB Industrial Area, Dabaspeta, Nelamangala Taluk, Bangalore – 562 111.	<p>Remuneration, other perquisites and benefits be paid to the Managing Director, for the period January 17, 2011 to March 31, 2011 (being the period from the date of conversion as Public Limited Company to the end of the financial year 2011) and for the period April 1, 2011 to March 31, 2012 in terms of the agreement dated March 25, 2008.</p> <p>Re-appointment of Joint Managing Director of the Company for a period of 5 (five) years wef. January 17, 2011 i.e. up to January 16, 2016 and the Remuneration (including salary, commission, other perquisites and benefits) to be paid for the period January 17, 2011 to March 31, 2011 (being the period from the date of conversion as Public Limited Company to the end of the financial year 2011) and for the period April 1, 2011 to January 16, 2014.</p> <p>Remuneration, other perquisites and benefits be paid to Director-Technical wef. April 1 2010 including for the period January 17, 2011 to March 31, 2011 (being the period from the date of conversion as public limited Company to the end of the financial year 2011) and for the period April 1, 2011 to August 31, 2012 in terms of the letter dated July 2, 2009 revised vide letter dated August 2, 2010.</p> <p>Re-appointment of Managing Director of the Company for a further period from April 1, 2012 to September 30, 2012.</p>
March 31, 2012	July 12, 2012 10.30 am	The Capitol, Raj Bhavan Road, Bangalore -560001	Vary and or revise (amount or schedule of deployment) the utilization of the proceeds from the Initial Public Offering ('IPO') of Equity Shares made in pursuance of the said Prospectus and or to utilize the proceeds from the IPO including but not limited to allocation intended for certain purposes into objects otherwise than stated in the Prospectus, as the case may be.
March 31, 2013	September 20, 2013 11.00 AM	The Chancery Pavilion, 135 135, Residency Road Bangalore - 560 025	The term of office Mr. Nikhil Kumar, Managing Director for 5 years was approved at the Annual General Meeting held on June 25, 2011 whereas the remuneration payable was approved for a period of 3 years only i.e. from January 17, 2011 to January 16, 2014 in terms of the applicable provision of the Companies Act, 1956. Approval was accorded for payment of the Remuneration to the Managing Director for the residual period of two years of the term i.e. January 17, 2014 to January 16, 2016

CORPORATE GOVERNANCE REPORT (Contd.)

SUBSIDIARIES

INDIA

DF Power Systems Private Limited (DFPS) is a material non-listed Indian Subsidiary as defined under Clause 49 of the Listing Agreement. Mr. Nithin Bagamane, an Independent Director of the Company has been appointed as Director of DFPS. The Board monitors performance of the subsidiary Company, inter alia, as follows:

- All minutes of Board meetings of DFPS are placed before the Company's Board meetings and taken on record.
- The Audit Committee of the Company reviews the financial statements of DFPS.
- A statement containing all significant transactions and arrangements entered into by DFPS is placed before the Company's Board.

OVERSEAS SUBSIDIARIES

USA

TD Power Systems (USA) Inc. was incorporated on February 20, 2013 as a Delaware Corporation and the principal place of business of the Company located at Richfield, Ohio, USA. Three Directors of the Company Mr. Mohib Khericha, Mr. Nikhil Kumar and Mr. Hitoshi Matsuo are Directors of this US Subsidiary along with Mr. Victor DeLeon, President & CEO of the subsidiary. The Board monitors performance of this subsidiary Company, inter alia, as follows:

- All minutes of Board meetings are placed before the Company's Board meetings and taken on record.
- Review of the financial statements by the Audit Committee.

JAPAN

TD Power Systems Japan KK was incorporated on March 19, 2013 and the principal place of business of the Company is located at Tokyo, Japan. Three Directors of the Company Mr. Mohib Khericha, Mr. Nikhil Kumar and Mr. Hitoshi Matsuo are Directors of this Japan subsidiary along with Ms. Nandita Lakshmanan an Independent Director of the Company. Mr. Hitoshi Matsuo has been appointed as the resident Director and President of the Company.

The Board monitors performance of this subsidiary Company, inter alia, as follows:

- All minutes of Board meetings are placed before the Company's Board meetings and taken on record.
- Review of the financial statements by the Audit Committee.

DISCLOSURES

The Board has received disclosures from Key Managerial Personnel relating to material, financial and commercial transaction, where they and/or their relatives have personal interest. The Audit Committee is briefed on all related party transactions undertaken by the Company and there are no materially significant related party transactions of the Company, which have potential conflict with the interest of the Company at large, however, transactions with related parties as per requirements of Accounting Standard -18 are disclosed under Notes to the financial statements in this Annual Report.

The Company has complied with the requirements of the Listing Agreements of the Stock Exchanges as well as regulations and guidelines of SEBI and other Statutory Authority on all matters relating to capital markets. There have been no instances of any penalties or strictures imposed on the Company on any matter relating to the capital market, either by Stock Exchanges, SEBI or any statutory authority during the last three years.

The requisite certificate from the Managing Director and the Chief Financial Officer were placed before the Board meeting for consideration and a copy of the same is attached to this report.

Company is in the process of enhancing the risk assessment and minimization system.

CORPORATE GOVERNANCE REPORT (Contd.)

The Company has adopted and complied with mandatory requirements as per Clause 49 of the Listing Agreement. Some of the non-mandatory requirements have also been complied with as follows.

- Remuneration Committee: The Company has set up a Remuneration Committee as detailed above
- Audit Qualification: There is no Audit Qualification by the auditors in their report for the year ended March 31, 2014
- Whistle Blower Policy: While the Company has not implemented a formal Whistle Blower policy, employees are encouraged to report to the management on any matter concerning unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct.

MEANS OF COMMUNICATION

Quarterly/Yearly Results

Pursuant to provisions of the Listing Agreements, periodical financial results of the Company are being published in widely circulated English newspaper (Business Standard) and vernacular Kannada newspaper (Vijaya Vani).

Financial results, duly approved by the Board, are forwarded to the Stock Exchanges (BSE & NSE) and also displayed on Company's Website www.tdps.co.in. Along with the financial results, other information as per the Listing Agreement such as Annual Report, Shareholding Pattern, and official news/press releases are being uploaded on website: <http://listing.bseindia.com> and on www.connect2nse.com/LISTING/ under NSE Electronic Application Processing System (NEAPS) and also on companies website www.tdps.co.in. The Company conducts earning calls after the board meeting to discuss financial results of the Company for the quarter, half year and year end.

GENERAL SHAREHOLDER INFORMATION

Fifteenth Annual General Meeting is scheduled to be held:

On: Tuesday, August 12, 2014, at 10.30 AM

At: The Chancery Pavilion, 135, Residency Road, Bangalore - 560 025, India.

Financial year

A twelve-month period starting from April 1, 2014 to March 31, 2015.

Date of Book closure

The Companies Register of Members and Share Transfer Book's will remain closed from August 05, 2014 to August 12, 2014 (both days inclusive).

Dividend Payment Date

The dividend as recommended by the Board of Directors, if declared at the ensuing Annual General Meeting will be paid within the statutory period of 30 days, to those shareholders whose names appear on the Company's Register of Members as on August 4, 2013.

Listing on Stock Exchanges

The Equity Shares of the Company are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

BSE Limited	533553
National Stock Exchange of India Limited	TDPOWERSYS
ISIN No.	INE419M01019

CORPORATE GOVERNANCE REPORT (Contd.)

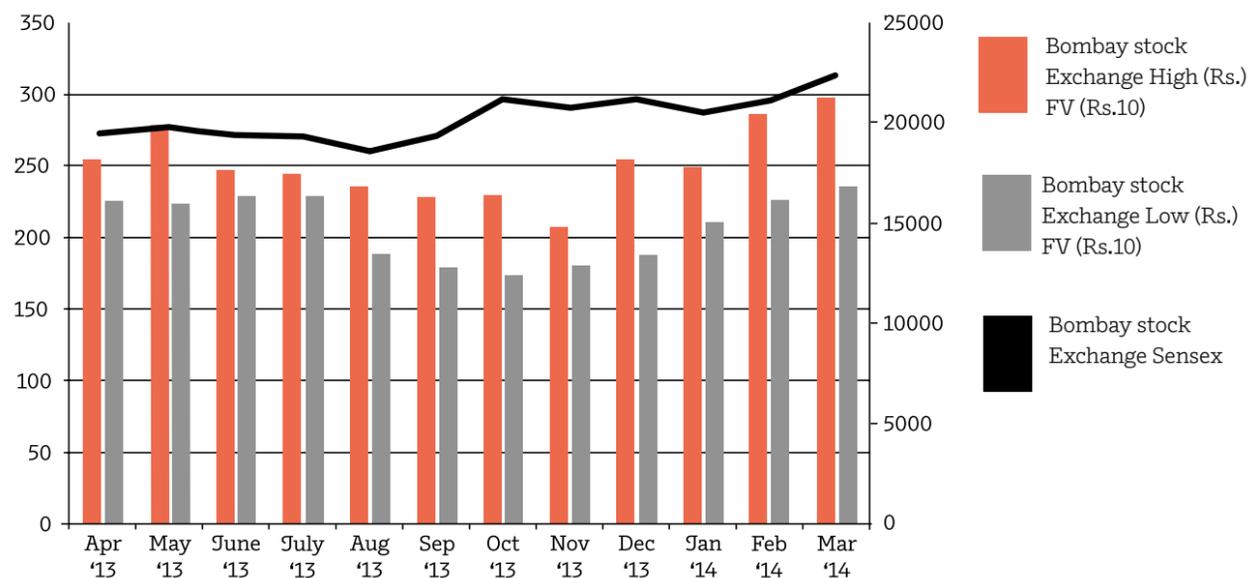
Market Price Data: High, Low, Close, Volume during each month in last financial year

A summary containing monthly high/low/close and total volume of share prices at BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) is as under

Month	On BSE				On NSE			
	High (Rs.)	Low (Rs.)	Close (Rs.)	Volume (Rs.)	High (Rs.)	Low (Rs.)	Close (Rs.)	Volume (Rs.)
April 2013	254.95	227	235.85	226,998	275	227	227	418,347
May 2013	278.95	225	231.05	136,720	258	230	230	164,519
June 2013	246.95	230	230.05	376,007	249.95	227	227	425,457
July 2013	245	230.1	234	246,336	245	223	223	175,687
August 2013	236.25	190	192.2	277,586	237	190	190	161,576
September 2013	229	180	202.75	90,736	243	181.05	181.05	332,768
October 2013	230	175.4	190.45	91,822	213	180	180	171,564
November 2013	208	182.1	187.15	89,087	224.9	184	184	215,179
December 2013	255	189	234	468,315	259.9	188.7	188.7	60,127
January 2014	249.9	212	242.05	114,961	254.5	225	225	55,133
February 2014	286	226.75	239.6	1,746	250	225.55	225.55	11,192
March 2014	297	236.7	275.65	32,055	279.95	235.3	235.3	128,314

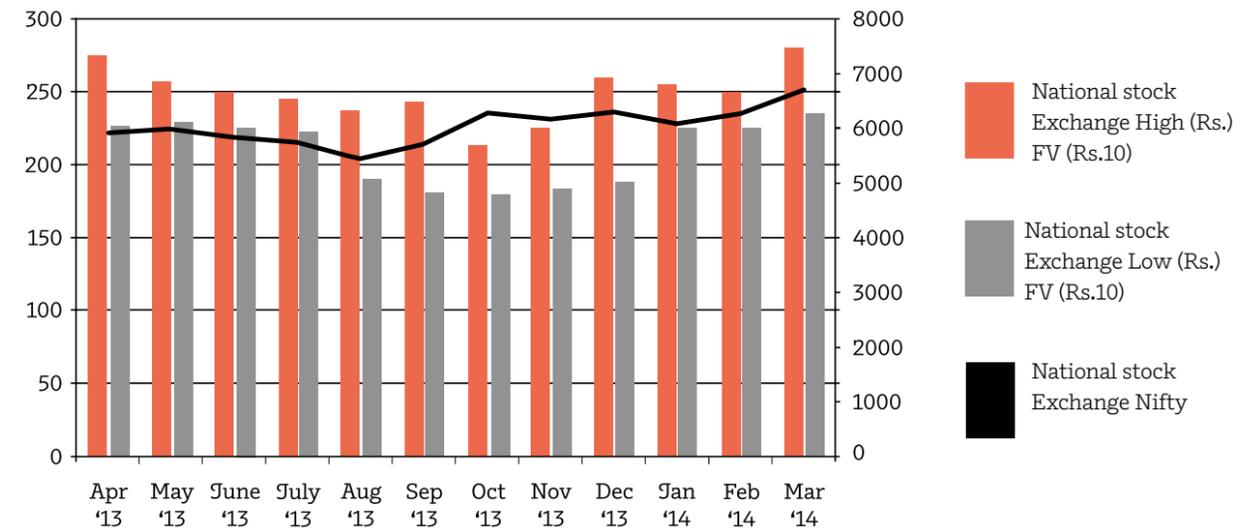
Performance in comparison to broad-based indices such as NSE Nifty & BSE Sensex

TDPS SHARE PRICE ON BSE



CORPORATE GOVERNANCE REPORT (Contd.)

TDPS SHARE PRICE ON NSE



Registrar and Transfer Agents (RTA)

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound
L. B. S. Marg, Bhandup (West)
Mumbai - 400 078
Telephone No. 022- 25963838

Share Transfer System

The Company has appointed Link Intime India Private Limited, as Registrars and Share Transfer Agents. Share transfers in physical form, if any, are registered on a weekly basis and returned within a period of fifteen days provided all the documents are valid and complete in all respects. The authority to approve the share transfer/transmission lies with the Board through the Share Allotment, Transfers and Investor Grievance Committee of Directors. However, no share transfers have been received during the period.

Shareholding pattern as on March 31, 2014

Sl No.	Category	Number of Shares	% of holding
A	Promoters & Promoter Group		
1	Promoters		
	Individual (Indian Nationals)	6985524	21.02
	Individual (Foreign National)	4235254	12.74
	Body Corporate	6026433	18.13
2	Promoters Group	3370175	10.14
	Total (A1 + A2)	20617386	62.03
B	PUBLIC		
1	Mutual Funds	2147562	6.46
2	Foreign Institutional Investors	6847633	20.60
3	Bodies Corporate	1638651	4.93
4	Individuals	964116	2.90
5	Others	1022240	3.08
	Total B (B1 to 5)	12620202	37.97
C	GRAND TOTAL (A + B)	33237588	100.00

CORPORATE GOVERNANCE REPORT (Contd.)

Distribution of shareholding as on March 31, 2014

Shareholding of Nominal Shares	Share Holders	Percentage of total Share Holders	Total Shares	Percentage of Paid up Capital
1 to 500	945	86.5385	63840	0.19
501 to 1000	55	5.0366	42014	0.12
1001 to 2000	19	1.7399	30822	0.09
2001 to 3000	9	0.8242	23421	0.07
3001 to 4000	1	0.0916	3999	0.12
4001 to 5000	2	0.1832	9239	0.03
5001 to 10000	6	0.5495	59442	0.18
Above 10000	55	5.0366	33004811	99.29
Total		100.00	33237588	100

Note: The above statement of distribution of shareholding as is as provided by the Registrar & Share Transfer Agent, Link Intime India Private Limited.

Dematerialisation of Shares and Liquidity as on March 31, 2014

Description	No. of Holders	No. of Shares	% of Equity
PHYSICAL	3	1021772	3.07
NSDL	769	29911417	90.00
CDSL	320	2304399	6.93
Total	1092	33,237,588	100.000

Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity

No outstanding GDRs/ADRs/Warrants or any Convertible instruments.

Registered Office & Plant Location

27, 28 & 29, KIADB Industrial Area, Dabaspet
Nelamangala Taluk, Bangalore, Karnataka - 562 111
Ph: + 091-080-22995700, Fax: 091-080-22995718.

Compliance Officer

N. Srivatsa

Company Secretary

Address for correspondence

Shareholders/Beneficial owners are requested to correspond with the Company's RTA (Registrar & Share Transfer Agent) with respect to any query, request, information or clarification pertaining to shares and are further advised to quote their folio number, DP & Client ID number as the case may be, in all correspondence with it. In addition to the RTA, the shareholders may correspond at the following addresses:

Registered Office & Plant	City Office
TD POWER SYSTEMS LIMITED # 27, 28 & 29 KIADB Industrial Area Dabaspet, Nelamangala Taluk Bangalore, Karnataka - 562 111 Ph.: + 091-080-22995700, Fax: 091-080-22995718	TD POWER SYSTEMS LIMITED RMJ Mandoth Towers Floor, #37, 7th Cross, Vasanthnagar Bangalore, Karnataka - 560 052 Ph.: +091-080-22017800, Fax: 091-080-22017850

CORPORATE GOVERNANCE REPORT (Contd.)

Information through Company's Website

Information pertaining to financial performance, shareholding pattern, compliance with corporate governance and announcements are being uploaded and can be viewed by the general public on www.tdps.co.in

Management Discussion and Analysis Report

The Management Discussion and Analysis report forms part of Directors' Report as **Annexure-III**.

COMPLIANCE

The certificate from Mr. Sudhir V. Hulyalkar, Company Secretary in Practice, Bangalore, confirming the compliance of conditions on Corporate Governance as stipulated in Clause 49 of the Listing Agreement with Stock Exchanges is as below:

Certificate on Corporate Governance

The Members
TD Power Systems Limited
Bangalore

I have examined the compliance of conditions of corporate governance by TD Power Systems Limited (the Company) for the year ended on March 31, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. My examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the company has complied with all the mandatory conditions of Corporate Governance as stipulated in the Listing Agreement, except that there was a delay of 18 days in terms of Clause 49 of listing agreement, in the appointment of an independent director in the vacancy arising out of a resignation and thus the Company did not fulfill the requirement of independent directors in its Board during this period.

I state that no investor grievance is pending for a period exceeding one month against the company as per the records maintained by the Shareholders/Investors Grievance Committee.

I further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

Bangalore
May 15, 2014

Sudhir Hulyalkar
Company Secretary in Practice
FCS No: 6040, CP No. 6137

CORPORATE GOVERNANCE REPORT (Contd.)

Chief Executive Officer (CEO) & Chief Financial Officer (CFO) Certificate as per clause 49 of the Listing Agreement

The Board of Directors
TD Power Systems Limited
 Bangalore 562 111

This is to certify that:

- a We have reviewed Financial statements and the Cash Flow statement for the year ended 31st March 2014 and that to the best of our knowledge and belief
 - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- b There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d We have indicated to the auditors and the Audit Committee
 - i. Significant changes in internal control over financial reporting during the year.
 - ii. Significant changes in Accounting Policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Bangalore
 May 21, 2014

K. G. Prabhakar
 Chief Financial Officer

Nikhil Kumar
 Managing Director

STANDALONE FINANCIAL STATEMENTS

Declaration pursuant to Clause 49 of the Listing Agreement Code of Business Conduct and Ethics.

To
 The Shareholders of
TD Power Systems Limited
 Bangalore

On the basis of the written declarations received from members of the board and senior management personnel in terms of the relevant provisions of Clause 49 of the Listing Agreement, it is hereby certified that, for the year ended March 31, 2014, both the members of the board and the senior management personnel of the company have affirmed compliance with the respective provisions of the Code of Business Conduct and Ethics of the Company, as laid down by the Board.

Bangalore
 May 21, 2014

Nikhil Kumar
 Managing Director

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF TD POWER SYSTEMS LIMITED

Report on the Financial Statements:

We have audited the accompanying financial statements of TD Power Systems 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 case of Statement of Profit and Loss, of the profit for the year ended on that date and
- iii In case of cash Flow Statement, of the cash flows for the year ended on that date

INDEPENDENT AUDITORS' REPORT (Contd.)

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 (and proper returns adequate for the purposes of our audit have been received from branches not audited by us).
 - 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 (and with the returns received from branches not audited by us).
 - 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 Japan branch office (not audited by us) audited by Mr. Mitsuo Sekino, Certified Public Accountant (Japan), has been forwarded to us and has been dealt with in the manner considered appropriate by us while preparing our report. Our report is not qualified in respect of this matter.

Bangalore
May 21, 2014

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

R. Satyanarayana Murthi
Partner
Membership No. 024248

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 TD Power Systems 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 which needs an adjustment in the financial statements.
- c During the year, there has been no significant sale/disposal of fixed assets.
- 2 a Inventory was physically verified during the year by the management. In our opinion, the frequency of such verification is reasonable.
- b The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- c According to the information and explanations given to us, proper records of inventories are maintained and no material discrepancies are noticed during such physical verification.
- 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, clause (iii) (b), (iii) (c) and (iii) (d) of paragraph 4 of the Order are not applicable.
- 4 In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory 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 prices which are reasonable having regard to 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 According to information and explanation given to us, the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, wealth tax, sales tax, custom duty, service tax, cess and other applicable statutory dues with the appropriate authorities. There are no arrears of outstanding

ANNEXURE TO AUDITORS' REPORT (Contd.)

- statutory dues as at March 31, 2014 for a period exceeding six months. Further, short/non deduction of with holding tax has not been reckoned for this purpose.
- b According to information and explanations given to us, there are no outstanding disputed amount payable on account of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess other than on account of Income Tax deduction of salaries raised by the department as referred to Note 19 to Financial Statements which is under process for rectification by the department.
- 10 The company has no accumulated losses as on March 31, 2014. The company has not incurred cash losses during the current year or during the previous year.
- 11 In our opinion and according to the information and explanations given to us, the company has not defaulted in the repayment of dues to bank. The Company has not taken any loan from financial institutions and also has not issued any debentures.
- 12 According to the information and explanations given to us, 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 of 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, provisions of 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 of paragraph 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- 15 The Company has given corporate guarantee of Rs.100 Crores, Rs. 162 crores and Rs. 292 crores in respect of facilities availed by its subsidiary M/s. DF Power Systems Private Limited to the bankers M/s. Standard Chartered Bank, M/s. ICICI Bank Limited and M/s. Bank of Baroda. The terms and conditions of the guarantee are not prima facie prejudicial to the interest of the Company.
- 16 The Company has not obtained any term loans during the year from the Company's bankers. Accordingly, the provisions of 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 during the year and accordingly provisions of 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 during the year and accordingly, provisions of 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, provisions of 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.

Bangalore
May 21, 2014

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

R. Satyanarayana Murthi
Partner
Membership No. 024248

BALANCE SHEET AS AT MARCH 31, 2014

	Note	Rs.	As at 31.3.2014 Rs.	Rs.	As at 31.3.2013 Rs.
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	2	332,375,880		332,375,880	
Reserves and Surplus	3	4,531,947,827	4,864,323,707	4,281,501,271	4,613,877,151
Non-current liabilities					
Long term borrowings	4	—		—	
Deferred tax liabilities (Net)	5	150,210,029		141,242,308	
Long term provisions	6	21,157,850	171,367,879	18,705,560	159,947,868
Current Liabilities					
Short term borrowings	7	597,961,754		269,932,400	
Trade payables	8	937,039,752		861,118,329	
Other current liabilities	9	780,815,815		801,243,364	
Short term provisions	10	109,289,633		98,655,562	
			2,425,106,954		2,030,949,655
Total			7,460,798,540		6,804,774,674
ASSETS					
Non-current assets					
Fixed Assets					
Tangible assets	11	2,162,982,152		1,984,061,008	
Capital work in progress	12	540,173,604		161,750,004	
			2,703,155,756	2,145,811,012	
Non-current investments	13	264,547,495		209,689,495	
Long term loans and advances	14	413,451,395		406,869,991	
			3,381,154,646	2,762,370,498	
Current Assets					
Inventories	15	862,973,640		530,460,923	
Trade receivables	16	1,319,993,591		1,289,248,071	
Cash and Bank balance	17	1,404,647,118		1,814,830,893	
Short term loans and advances	18	492,029,545		407,864,289	
			4,079,643,894	4,042,404,176	
Total			7,460,798,540		6,804,774,674

Summary of Accounting Policies and other explanatory information form an integral part of the Balance Sheet

1-38

In accordance with our Report attached
For **B.K. RAMADHYANI & CO.**
Chartered Accountants
Firm Registration No. 002878S

R. Satyanarayana Murthi
Partner - M.No. 024248

Bangalore
May 21, 2014

For and on behalf of Board of Directors

Mohib N. Khericha
Chairman

Nikhil Kumar
Managing Director

K. G. Prabhakar
Chief Financial Officer

N. Srivatsa
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

	Note	Rs.	Year Ended 31.03.2014 Rs.	Rs.	Year Ended 31.03.2013 Rs.
INCOME					
Revenue from Operations	20		3,541,891,061		4,237,981,286
Other Income	21		301,997,523		258,364,509
Total Revenue			3,843,888,584		4,496,345,795
EXPENSES					
Cost of materials consumed	22	2,437,422,678		1,748,419,651	
Purchases for Project Business		186,757,188		953,745,772	
Changes in inventories of finished goods, work in progress and stock in trade	23	(237,144,003)		293,236,007	
			2,387,035,863		2,995,401,430
Employee benefits expense	24		448,653,090		417,481,557
Finance costs	25		36,048,401		34,149,525
Depreciation and amortization expense	26		145,993,822		122,538,494
Other expenses	27		371,106,016		388,308,783
Total Expenses			3,388,837,192		3,957,879,789
Profit before tax			455,051,392		538,466,006
Tax expense:					
Current tax		106,198,588		128,239,290	
Deferred tax		8,967,721		53,482,849	
			115,166,309		181,722,139
Profit/(Loss) for the Period/Year			339,885,083		356,743,867
Earning per equity share	29				
Basic & Diluted			10.23		10.73
Summary of Accounting Policies and other explanatory information form an integral part of the statement of Profit and Loss	1-38				

In accordance with our Report attached
For **B.K. RAMADHYANI & CO.**
Chartered Accountants
Firm Registration No. 002878S

R. Satyanarayana Murthi
Partner - M.No. 024248

Bangalore
May 21, 2014

For and on behalf of Board of Directors

Mohib N. Khericha
Chairman

Nikhil Kumar
Managing Director

K. G. Prabhakar
Chief Financial Officer

N. Srivatsa
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

	Current Year In Rs.	Previous Year In Rs.
A Cash flow from operating activities		
Net Profit before tax and extraordinary items	455,051,389	538,466,006
Adjustments for		
Depreciation	145,993,821	122,538,494
Amortisation	—	—
(Profit) / Loss on sale of Fixed Asset	1,897,581	(627,032)
Dividend Income	(18,005,994)	(30,005,990)
Interest Income	(130,942,432)	(174,541,634)
Interest Payments	36,048,401	34,149,525
Provision no longer required	—	(40,490,159)
Provision for Warranty Claims	(4,558,664)	(9,159,241)
Exchange Fluctuation Deficit	—	—
Provision for Gratuity & Leave Encashment	12,510,784	2,348,642
	42,943,496	(95,787,396)
Operating profit before Working Capital Changes	497,994,885	442,678,611
Adjustments for		
Trade Receivables	(30,745,520)	142,203,634
Other Receivables	(136,544,442)	176,472,710
Inventories	(332,512,717)	299,072,240
Trade Payables	55,679,902	(248,769,834)
	(444,122,777)	368,978,750
Cash generated from Operations	53,872,108	811,657,361
Payment of Fringe Benefit Tax	—	—
Payment of Gratuity	—	—
Direct Taxes Paid	76,707,175	199,555,180
	76,707,175	199,555,180
Net Cash Flow from Operating Activities	(22,835,067)	612,102,181
B Cash flow from Investing Activities		
Purchase of Fixed Assets	(706,220,318)	(845,497,128)
Purchase of Investments	(54,858,000)	(5,564,495)
Sale of Fixed Asset / Purchase of Investments	7,680,759	6,538,514
Dividend Received	18,005,994	30,005,990
Interest Received	130,942,432	174,541,634
	130,942,432	174,541,634
Net Cash used in investing activities	(604,449,133)	(639,975,485)
C Cash flow from financing activities		
Proceeds from issuance of Share Capital	—	—
Share Application Money	—	—
Share Premium	—	—
Refund on Income Tax	—	—
Long term borrowings	—	—
Temporary Borrowing	—	(46,335,515)
Unsecured Loans & Deposits	(186,028)	(3,639,727)
Working Capital borrowings	328,029,354	(26,365,036)
Interest Paid	(36,048,401)	(34,149,525)
Dividend and Tax on Dividend paid	(74,694,500)	(72,392,361)
	(74,694,500)	(72,392,361)
Net Cash flow from financing activities	217,100,425	(182,882,164)
Net increase/decrease in cash and cash equivalents	(410,183,776)	(210,755,469)
Cash and cash equivalents at the beginning	1,814,830,893	2,025,586,362
Cash and cash equivalents at close	1,404,647,118	1,814,830,893
Actual Closing Cash Balance	1,404,647,118	1,814,830,893
Cash and cash equivalents at Close	1,404,647,118	1,814,830,893

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

In accordance with our report attached
For **B.K. RAMADHYANI & CO.**
Chartered Accountants

R. Satyanarayana Murthi
Partner - M.No. 024248

Bangalore
May 21, 2014

For and on behalf of Board of Directors
Mohib N. Khericha
Chairman

Nikhil Kumar
Managing Director

K. G. Prabhakar
Chief Financial Officer

N. Srivatsa
Company Secretary

SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2014

1 SIGNIFICANT ACCOUNTING POLICIES

Consequent to a Special Resolution of the Members, passed at the Company's Extra Ordinary General Meeting held on 17th January 2011, the Company is converted to a Public Limited Company by altering its Articles of Association in terms of Section 31 read with Section 44 of the Companies Act, 1956 and a fresh Certificate of Incorporation dated 4th February 2011 is issued by the Registrar of Companies, Karnataka.

The company has subscribed to a Wholly Owned Subsidiary in United States of America under the name M/s. TD Power Systems (USA) Inc. incorporated as Delaware Corporation on 20th February 2013 located at Ohio. The company has subscribed to 80,100 share of USD 10/- each and the same is shown as trade investments.

The Company has incorporated a Wholly Owned Subsidiary in Japan under the name M/s TD Power Systems Japan KK on 19th March 2013 in Tokyo. The company has subscribed to 2,000 shares of JPY 10,000/- each and the same is shown as trade investments.

1.1 Basis of Preparation of Financial Statements

The financial statements of the Company have been prepared under historical cost convention method, 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 the date of the financial statements, and the reported amounts of revenue and expenses during the reported period.

1.2 Fixed Assets

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

1.3 Inventories

Inventories are valued at cost or net realizable value, whichever is lower. Raw materials and bought out items are valued on first in first out basis as per Accounting Standard - 2 and includes material cost, carriage inward, insurance and purchase related expenses. Cost in respect of work in progress and finished goods are based on works cost.

1.4 Depreciation

Depreciation is charged on straight line method as stipulated under section 205 (2) (b) of the Companies Act, 1956, at the rates specified in schedule XIV, prorata from the quarter of addition / deletion.

1.5 Revenue Recognition

Sale of manufactured goods is recognized on shipment to customers, and exclusive of excise duty and sales tax. Sale of goods in case of project business is recognised on shipment to customers. Erection and commissioning income is recognised as and when the services are performed/completed. Interest income is recognised based on time proportion basis. Dividend income is recognised when the right to receive the dividend is established.

1.6 Foreign Currency Transactions

- Foreign currency transactions are translated into Indian rupees at the exchange rate prevailing on the date of the transaction.
- 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 Statement of Profit and Loss.
- Non monetary items denominated in foreign currency, are valued at the exchange rate prevailing on the date of transaction.
- In respect of overseas branches, which are integral foreign operations, financial statements are translated as if the transactions are those of the Company itself.

SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (Contd.)

1.7 Taxes on Income

Provision for tax is made in terms of Accounting Standard 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 Borrowing Cost

Interest and other borrowing cost on borrowings relating to qualifying assets are capitalized up to the date such assets are ready for use. Other interest and borrowing cost are charged to Statement of Profit & Loss.

1.9 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.

1.10 Employees Benefits**Long Term Employee Benefits****a. Defined Contribution Plans**

The Company has contributed to provident fund, 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 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 on government bonds at the balance sheet date with the term that matches to the liabilities.

1.11 Impairment of Assets

At each balance sheet date, the management reviews the carrying amount of its assets 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 Statement of profit and loss.

1.12 Accounting for Lease**i Operating Lease**

Lease 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.

1.13 Amortisation of Technical Know-how Fee / Licence Fee.

Technical Know-how Fees will be amortised over a period of 60 months.

1.14 Investment

Non-current investments are stated at cost. Provision for diminution if any, in the value of investments is made, to recognise a decline, other than temporary. Current investments are valued at lower of cost or market value

SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (Contd.)

1.15 Research & Development

Expenditure on research & development activity undertaken is charged to the Statement of Profit & Loss as and when incurred during the year, to their natural head of accounts. The expenditure incurred includes cost of materials, salaries & wage and other revenue expenditure.

Capital Expenditure is categorised and disclosed separately as Research & Development, Fixed Asset and depreciation is charged as prescribed under Companies Act, 1956 discussed in para 1.4 above.

2 SHARE CAPITAL**Authorized:**

Equity shares of Rs.10/- each

As at 31.03.2014		As at 31.03.2013	
Number	Rs.	Num ber	Rs.
35,000,000	350,000,000	35,000,000	350,000,000
	350,000,000		350,000,000
Issued, subscribed and fully paid up			
Equity shares of Rs.10/- each			
At the beginning of the year	33,237,588	33,237,588	332,375,880
Issued during the year	—	—	—
At the close of the year	33,237,588	33,237,588	332,375,880
Total	332,375,880		332,375,880

I 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. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

For the period ended 31 March 2014 (31 March 2013, Rs. 2.00), a dividend per share of Rs. 2.30 has been provided for payment to shareholders subject to approval at the Annual General Meeting of the Company. 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 Equity shares include

a Shares allotted pursuant to a contract without consideration being received in cash. Issued to the shareholder of subsidiary company, DF Power Systems Private Limited, in exchange of 1,700,000 fully paid up equity shares of Rs. 10/- each on 19th October 2010

b Shares allotted by way of bonus shares.

On Capitalisation out of Reserves to an extent of 16,246,934 Equity Shares of Rs. 10/- each on 11th January 2011.

III Particulars of equity share holders holding more than 5% of the total paid up equity share capital

	As at 31.03.2014		As at 31.03.2013	
	Percentage	No of shares	Percentage	No of shares
Saphire Finman Services Private Limited	18.13%	6,026,433	18.13%	6,026,433
Nikhil Kumar	15.46%	5,138,664	15.46%	5,138,664
Hitoshi Matsuo	12.74%	4,235,254	12.74%	4,235,254
Sofia M Khericha	6.27%	2,084,100	6.27%	2,084,100
Mohib N Khericha	5.56%	1,846,860	5.56%	1,846,860

SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (Contd.)

	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
3 RESERVES AND SURPLUS		
Securities Premium		
As per beginning of the year	2,207,588,239	2,207,588,239
As per the end of the year (A)	2,207,588,239	2,207,588,239
General Reserve		
As per beginning of the year	226,715,906	195,948,902
Add:		
Transferred from Statement of Profit and Loss	34,885,280	30,767,004
As per the end of the year (B)	261,601,186	226,715,906
Surplus i.e. balance in Statement of Profit & Loss		
As per beginning of the year	1,847,197,126	1,595,933,795
Add:		
Transferred from Statement of Profit and Loss	339,885,083	356,743,867
Less:		
Transferred to General Reserve	34,885,280	30,767,004
Proposed dividend	76,446,452	66,475,176
Provision towards dividend distribution tax	12,992,075	8,238,356
As per the end of the year (C)	2,062,758,402	1,847,197,126
Total (A to C)	4,531,947,827	4,281,501,271
4 LONG TERM BORROWINGS		
Secured Loans		
Term Loans -from Banks		186,028
		186,028
Less: Current maturities of Long Term loans		186,028
Net Total long term borrowings		—
Additional Information		
Details of security for secured loans		
Vehicle Loans from ICICI Bank		
Secured by specific charge on Motor Vehicles		186,028
Terms of repayment of term loans and others Vehicle loans repayable in 35 Equated Monthly Installments with an interest rate of 7.75% (fixed).		
5 DEFERRED TAX LIABILITY		
Deferred tax liability		
On account of depreciation on fixed assets	158,463,586	149,279,844
Deferred tax asset		
On account of timing differences in recognition of expenditure	8,253,557	8,037,536
Net Deferred tax liability/(asset)	150,210,029	141,242,308

SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (Contd.)

	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
6 LONG TERM PROVISIONS		
Provisions for employee benefits - Leave Encashment	21,157,850	18,705,560
Total	21,157,850	18,705,560
7 SHORT TERM BORROWINGS		
Secured Loans		
Loans repayable on demand -from Banks	597,961,754	269,932,400
Additional Information		
Details of security for secured loans		
Balance of Working Capital Loan from M/s. Bank of Baroda as on 31st March – Secured by Hypothecation of Raw Materials, Goods-in-process, Finished Goods and Book Debts and a charge on fixed assets of the company.	597,961,754	269,932,400
Loans repayable on demand		
Terms of repayment of secured loans -from Banks		
Interest at 2% over base rate (floating)	597,961,754	269,932,400
8 TRADE PAYABLES		
To Micro, Small and Medium Enterprises	30,281,723	3,717,356
Others	906,758,029	857,400,973
Total	937,039,752	861,118,329
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		
1. Principal amount due and remaining unpaid	30,281,723	3,717,356
2. Interest due on (1) above and the unpaid interest	665,041	204,682
3. Interest paid on all delayed payments under the MSMED Act	—	—
4. Payment made beyond the appointed day during the period / year	66,548,293	101,564,252
5. Interest due and payable for the period of delay other than (3) above	2,738,368	4,495,444
6. Interest accrued and remaining unpaid	3,403,409	4,700,126
7. Amount of further interest remaining due and payable in succeeding years	18,603,085	15,199,676
9 OTHER CURRENT LIABILITIES		
Current maturities of long term debt	—	186,028
Unclaimed Dividends	19,032	—
Outstanding Liabilities	437,414,082	500,900,487
Duties and taxes payable	6,475,832	9,335,791
Trade advance received from customers	314,100,198	188,136,011
Earnest Money Deposit	215,000	215,000
Other liabilities	22,591,671	102,470,047
Total	780,815,815	801,243,364

SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (Contd.)

	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
10 SHORT TERM PROVISIONS		
Provision for warranties	16,726,646	21,285,310
Provisions for employee benefits - Leave Encashment	3,124,460	2,656,720
Proposed dividend (including dividend distribution tax)	89,438,527	74,713,532
Total	109,289,633	98,655,562

11 FIXED ASSETS

(Amount in Rupees)

Particulars	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 31.03.2013
Tangible Assets										
Free Hold Land	249,262,167	—	—	249,262,167	—	—	—	—	249,262,167	249,262,167
Lease Hold Land	—	—	—	—	—	—	—	—	—	—
Buildings	675,830,892	127,009,126	—	802,840,018	56,142,196	24,399,873	—	80,542,069	722,297,949	619,688,696
Plant & Machinery (*)	1,213,389,966	171,058,798	10,729	1,384,438,035	318,737,488	96,549,171	9,751	415,276,907	969,161,128	894,652,478
Office Equipments	15,367,915	12,002,090	144,208	27,225,797	3,414,810	1,152,845	30,723	4,536,932	22,688,865	11,953,105
Furniture & Fixtures	19,860,893	14,356,443	1,407,659	32,809,677	8,353,783	2,341,546	239,749	10,455,580	22,354,097	11,507,110
Computers	45,030,163	2,560,604	2,305,376	45,285,391	29,147,249	5,244,783	2,084,746	32,307,286	12,978,104	15,882,914
Communication Equipments	1,914,850	185,712	163,650	1,936,912	770,552	98,178	21,376	847,354	1,089,558	1,144,298
Motor Vehicles (**)	47,305,608	623,945	3,649,137	44,280,416	18,336,785	4,328,624	2,412,661	20,252,749	24,027,667	28,968,823
Total	2,267,962,454	327,796,718	7,680,759	2,588,078,413	434,902,863	134,115,020	4,799,006	564,218,877	2,023,859,536	1,833,059,591
Previous Year	1,624,825,640	650,077,312	6,940,498	2,267,962,454	322,483,686	113,448,194	1,029,017	434,902,863	1,833,059,591	
Additional Information										
(*) Accumulated depreciation as on 1st April 2004 under Owned Assets includes accumulated depreciation of leased asset also.										
(**) Dues w.r.t Motor Vehicles under Hire Purchase Scheme from ICICI Bank Limited amounts to Rs. NIL (Previous Year Rs. 186,028)										

FIXED ASSETS - RESEARCH & DEVELOPMENT

(Amount in Rupees)

Particulars	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	With drawals	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013
Tangible Assets										
Plant & Machinery	160,091,717	—	—	160,091,717	9,090,300	11,878,801	—	20,969,101	139,122,616	151,001,417
Total	160,091,717	—	—	160,091,717	9,090,300	11,878,801	—	20,969,101	139,122,616	151,001,417
Previous Year	—	160,091,717	—	160,091,717	—	9,090,300	—	9,090,300	151,001,417	

12 CAPITAL WORK-IN-PROGRESS

	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
Plant and Machinery	349,650,113	2,764,680
Building under Construction	128,416,426	96,878,259
Land	529,200	529,200
Total	478,595,739	100,172,139
Intangible assets under development: Technical Know-how	6,15,77,865	61,577,865
Total	540,173,604	161,750,004

SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (Contd.)

13 NON CURRENT INVESTMENTS

Details of Investments	Name of the Company	No of Shares	Face Value	Currency	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
Trade Investments (Unquoted)						
Investments in Equity Instruments						
Subsidiaries						
Fully paid up	DF Power Systems Pvt. Ltd	5,999,998	10	INR	204,075,000	204,075,000
Fully paid up	TD Power Systems USA Inc	80,100	10	USD	48,178,495	5,564,495
Fully paid up	TD Power Systems Japan KK	2,000	10,000	JPY	12,244,000	—

Non - Trade Investments (Unquoted)

Investments in Equity Instruments

Others

Fully paid up	M/s. The Shamrao Vithal Co-operative Bank limited	2,000	25	INR	50,000	50,000
Total					264,547,495	209,689,495

Additional Information

Aggregate value of unquoted investments

Cost

264,547,495**209,689,495****14 LONG TERM LOANS AND ADVANCES**

Capital advances	252,141,000	238,592,935
Security Deposit	7,882,500	7,882,500
Advance payment of Tax (net of Provisions)	153,427,895	160,394,556
Total	413,451,395	406,869,991

Additional information

Breakup of above

Unsecured, considered good

413,451,395

406,869,991

Total**413,451,395****406,869,991****15 INVENTORIES**

Raw materials	340,478,080	231,816,892
Work in progress	502,714,353	269,820,563
Finished goods	17,949,689	13,699,476
Stock in trade	357,689	3,263,189
Goods in transit:		
Raw materials	1,473,829	11,860,803
Total	862,973,640	530,460,923

SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (Contd.)

	For the year ended 31.03.2014 Rs.	For the year ended 31.03.2013 Rs.
22 COST OF MATERIAL CONSUMED		
Consumption of raw materials	2,412,981,328	1,729,205,410
Consumption of stores and spare parts	24,441,350	19,214,241
Total	2,437,422,678	1,748,419,651
Consumption of major raw materials		
Copper (wires, strips, rods, sheet etc.)	405,341,078	336,799,699
Steel/ Laminations	324,523,011	326,591,000
Shaft Forgings	132,239,080	70,120,104
Others	1,550,878,159	995,694,607
Total	2,412,981,328	1,729,205,410
Purchases for Projects Business	186,757,188	953,745,772
23 CHANGE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS		
Stocks at the end of the year		
Work in progress - A C Generators	502,714,353	269,820,563
Finished goods - A C Generators	17,949,689	13,699,476
	520,664,042	283,520,039
Less: Stocks at the beginning of the year		
Work in progress - A C Generators	269,820,563	570,069,230
Finished goods - A C Generators	13,699,476	6,686,816
	283,520,039	576,756,046
Net (Increase) / Decrease in Stock	(237,144,003)	293,236,007
24 EMPLOYEE BENEFIT EXPENSES		
Salaries and wages	31,461,4035	274,924,791
Contribution to provident and other funds	26,891,303	19,935,252
Remuneration to whole time directors including contribution	33,842,570	49,136,709
Staff welfare expenses	73,305,182	73,484,805
Total	448,653,090	417,481,557
25 FINANCE COST		
Interest expense	36,048,401	34,149,525
Total	36,048,401	34,149,525
26 DEPRECIATION AND AMORTISATION		
Depreciation	145,993,822	122,538,494
Total	145,993,822	122,538,494

SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (Contd.)

	For the year ended 31.03.2014 Rs.	For the year ended 31.03.2013 Rs.
27 OTHER EXPENSES		
Power and fuel	65,987,383	60,127,124
Rent	15,337,415	29,318,726
Repairs and maintenance		
- Buildings	6,158,941	3,584,146
- Machinery	12,790,472	14,197,889
- Others	8,363,847	5,393,712
Insurance	10,640,564	7,319,646
Rates and taxes	1,380,302	2,063,195
Payment to the auditors		
- as auditor	950,000	1,550,000
- for taxation matters	475,000	550,000
- for other services	712,617	245,765
Selling expenses	46,110,431	40,643,184
Loss on sale of fixed asset (net)	1,897,581	—
Donations	754,000	333,000
Legal and professional charges	33,264,880	37,485,452
Directors sitting fees	720,000	680,000
Travelling and Conveyance	99,838,196	90,571,964
Bank Charges	13,783,377	17,100,418
Foreign Exchange Fluctuation	—	23,814,685
Postage, Telegrams and Telephones	8,684,311	10,369,940
Royalty	1,582,808	4,370,987
Software Expenses on ERP	16,372,685	12,720,349
Manufacturing Expenses	11,066,256	9,749,107
Vehicle Maintenance	4,751,894	5,531,538
Advertisement	2,965,817	2,893,434
Printing & Stationary	5,197,137	6,309,005
Subscription to Technical Associations, Journals & Magazines	1,320,102	1,385,517
Total	371,106,016	388,308,783
28 ADDITIONAL INFORMATION		
Value of Imports calculated on CIF basis:		
Raw Materials	605,053,755	229,636,404
Capital goods	274,530,378	101,419,674
Expenditure in foreign currency excluding expenditure at branch office: (net of withholding tax)		
Others - On Payment Basis	26,650,351	49,120,311
Capital Equipment Purchased	136,454,137	170,138,160

SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (Contd.)

ADDITIONAL INFORMATION (Contd.)

	Amount	% to total	Amount	% to total
Value of imported raw materials, spare parts and components consumed	381,261,870	17.33	196,934,106	9.65
Value of indigenous raw materials, spare parts and components consumed	1,819,016,805	82.67	1,844,721,552	90.35
Total	2,200,278,675	100.00	2,041,655,658	100.00

	For the year ended 31.03.2014 Rs.	For the year ended 31.03.2013 Rs.
Details of non-resident shareholdings		
Number of nonresident share holders	39	51
Number of shares held by nonresident shareholders	12,078,065	11,791,174
Earnings in foreign exchange		
Export of goods calculated on FOB basis	1,301,063,308	1,142,358,570
Other Income	—	93,738

29 EARNINGS PER SHARE

Profit for the year after tax expense	339,885,083	356,743,867
Weighted average number of equity shares	33,237,588	33,237,588
Earning per share	10.23	10.73

30 DISCLOSURES AS PER ACCOUNTING STANDARD

15" EMPLOYEE BENEFITS

Defined Contribution Plan

Employer's Contribution to Provident Fund & Pension Scheme	17,231,719	15,816,846
Employer's Contribution to Super Annuation Fund	—	—

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.

	Current Year (Rs.)		Previous Year (Rs.)	
	Gratuity (Funded)	Leave (Unfunded)	Gratuity (Funded)	Leave (Unfunded)
Defined Benefit obligation at beginning of the reporting period	21,830,874	21,362,280	18,449,782	30,880,315
Current Service Cost	3,184,991	6,613,430	2,824,693	9,586,575
Interest Cost	1,746,470	1,751,710	1,475,983	2,305,740
Acquisition adjustment	—	—	—	—
Actuarial (gain)/ loss	3,182,797	(5,445,110)	(52,527)	(13,902,390)
Benefits Paid	(1,800,397)	—	(867,057)	(7,507,960)
Defined Benefit obligation at end of the reporting period	28,144,735	24,282,310	21,830,874	21,362,280
Obligations at end of the period-Current	3,184,991	3,124,460	3,054,570	2,656,720
Obligations at end of the period- Non -Current	24,959,744	21,157,850	18,776,304	18,705,560

SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (Contd.)

DISCLOSURES AS PER ACCOUNTING STANDARD 15" EMPLOYEE BENEFITS (CONTD.)

	Current Year (Rs.)		Previous Year (Rs.)	
	Gratuity (Funded)	Leave (Unfunded)	Gratuity (Funded)	Leave (Unfunded)
Reconciliation of opening and closing balance of fair value of plan assets				
Fair value of plan assets at beginning of the reporting period *	29,572,159	—	22,963,896	—
Acquisition adjustment	—	—	—	—
Expected return on plan assets	2,605,138	—	2,132,826	—
Employer Contribution	7,988,802	—	5,342,494	—
Benefits paid	(1,800,397)	—	(867,057)	—
Actuarial gain/(loss)	—	—	—	—
Fair value of plan assets at reporting period	38,365,702	—	29,572,159	—
Reconciliation of fair value of assets and obligations:				
Fair value of plan assets	38,365,702	—	29,572,159	—
Present value of obligation	(28,144,735)	—	(21,830,874)	—
Funded assets in excess of obligation of prior years	(10,220,967)	—	(7,741,285)	—
Amount recognised in Balance Sheet under liabilities	—	—	—	—
Expense recognised during the year:				
Current Service Cost	5,664,673	6,613,430	6,051,864	9,586,575
Interest Cost	1,746,470	1,751,710	1,475,983	2,305,740
Expected return on plan assets	(2,605,138)	—	(2,132,826)	—
Actuarial (gain)/ loss	3,182,797	(5,445,110)	(52,527)	(13,902,390)
Net Cost	7,988,802	2,920,030	5,342,494	(2,010,075)
Actuarial assumptions:				
Mortality Table	1994 – 96 (Ultimate)	Indian Assured Lives Mortality (2006-08) (modified) ULT	1994 – 96 (Ultimate)	1994 – 96 (Ultimate)
Discount rate (per annum)	8.00%	9.25%	8.00%	8.20%
Expected rate of return on plan assets (per annum)	8.00%	NA	8.00%	NA
Rate of escalation in salary (per annum)	7.00%	7.00%	7.00%	8.00%

The estimates of rate of escalation in salary considered in actuarial valuation, taken 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.

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SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (Contd.)

31 SEGMENT REPORTING

The company's operation comprises of Manufacturing business & Project Business. Primary segmental reporting comprises of Manufacturing Business & Project Business Segments. Secondary Segmental reporting is based on geographical location of Activities. Under primary segment revenue and direct expenses, which relate to a particular segment and which are identifiable, are reported under that segment.

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.

Secondary segment is reported based on the geographical location of the company, viz., India and Japan. Revenues in the secondary segment are based on the sales made by the branch office. Inter-segmental purchases & sales are separately identified and reported. Fixed assets, Current Assets including Cash and Bank accounts, and Current Liabilities are identified based on the branch office to which they relate and are reported accordingly.

Primary Segment	Current Year (Amount in Rupees)			
	Manufacturing	Project Business	Common	Total
Segment Revenues				
External Revenues	3,258,585,376	458,285,163	—	3,716,870,539
Intersegment revenues	(174,979,478)	—	—	(174,979,478)
Total Revenues	3,083,605,898	458,285,163	—	3,541,891,061
Segment Result				
Profit Before Taxation, Interest & depreciation	407,085,212	(38,856,260)	(33,132,864)	335,096,088
Less: Interest	36,046,742	1,210	450	36,048,401
Less: Depreciation & Amortizations	144,979,020	722,474	292,327	145,993,822
Total	226,059,450	(39,579,944)	(33,425,641)	153,053,865
Unallocable & Other Income (including Extraordinary items)				
Less: Tax	131,145,083	106,775,470	64,076,974	301,997,527
Total Profit	242,038,224	67,195,526	30,651,333	339,885,083
				Previous Year (Amount in Rupees)
Segment Revenues				
External Revenues	2,940,284,566	1,682,365,393	—	4,622,649,959
Intersegment revenues	(384,668,673)	—	—	(384,668,673)
Total Revenues	2,555,615,894	1,682,365,393	—	4,237,981,286
Segment Results				
Profit Before Taxation, Interest & Depreciation	322,050,105	144,549,308	(29,809,897)	436,789,516
Less: Interest	34,058,411	60,860	30,254	34,149,526
Less: Depreciation & Amortizations	121,523,693	722,474	292,327	122,538,493
Total	166,468,001	143,765,974	(30,132,478)	280,101,498
Unallocable & Other Income (including Extraordinary items)				
Less: Tax	156,054,862	27,606,441	74,703,205	258,364,509
Total Profit	140,800,724	171,372,416	44,570,728	356,743,868

SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (Contd.)

SEGMENT REPORTING (Contd.)

	Previous Year (Contd.) (Amount in Rupees)			
	Manufacturing	Project Business	Common	Total
Segment Assets - Current Year	4,839,957,757	458,110,525	1,358,009,158	6,656,077,440
Previous Year (2012-2013)	4,022,928,829	636,135,218	1,774,271,128	6,433,335,175
Segment Liabilities - Current Year	1,568,782,474	279,520,577	—	1,848,303,050
Previous Year (2012-2013)	1,324,765,210	454,957,605	—	1,779,722,815
Capital Expenditure (Net of disposal)				
Current Year	320,115,959	—	—	320,115,959
Previous Year (2012-2013)	801,989,859	1,238,672	—	803,228,531

GEOGRAPHICAL SEGMENT

	Segment revenue by geographical Market (Amount in Rupees)	
	Current Year	Previous Year
Sales in India	3,403,842,183	3,454,079,903
Sales overseas	313,028,356	1,168,570,056
Less: Inter-segmental sales	(174,979,478)	(384,668,673)
Total	3,541,891,061	4,237,981,286

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)	
	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
Located in India	6,360,406,909	6,042,536,063	320,115,959	801,989,860
Located outside India	295,670,530	390,799,113	—	1,238,671
Total	6,656,077,440	6,433,335,176	320,115,959	803,228,531

32 RELATED PARTY DISCLOSURE

Name of the related party	Relationship
DF Power Systems Private Limited	Subsidiary
TD Power Systems Japan KK	Subsidiary
Nikhil Kumar	Key management personnel and their Relatives
Hitoshi Matsuo	Key management personnel and their Relatives
Tadao Kuwashima	Key management personnel and their Relatives
Mohib N. Khericha	Key management personnel and their Relatives

SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (Contd.)

RELATED PARTY DISCLOSURE (Contd.)

Nature of transactions	Subsidiary	Key management personnel and their Relatives		Enterprises over which key management personnel and their relatives are able to exercise significant influence
		Year ending 31.03.2014	Year ending 31.03.2013	
(Amount in Rupees)				
Directors Remuneration and Commission				
Nikhil Kumar	—	19,485,254	23,078,319	—
Hitoshi Matsuo	—	4,008,516	15,709,590	—
Tadao Kuwashima	—	10,348,800	10,348,800	—
Directors Sitting fees				
Mohib N Khericha	—	180,000	200,000	—
Lease Rent Paid				
Mohib N Khericha	—	2,700,000	2,700,000	—
DF Power Systems Private Limited				
Rent Paid (including service tax)	9,641,610			
	(14,164,051)			
Management Services from	24,820,296			
	(25,764,395)			
Amount due to Company from	2,600,000			
	—			
Sale of Generators to (including taxes & duties)	33,449,572			
TD Power Systems Japan KK				
Sale of Generators & Services to (including taxes & duties)	86,938,487			
Amount due to Company from	32,640,908			

33 OPERATING LEASE

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. 15,337,415/- (Previous year Rs.29,318,726/-).

34 WARRANTY CLAIMS

	As at 31.03.2014 (Amount in Rupees)
Balance outstanding at the beginning of the reporting period	21,285,310
Provision for the reporting period	—
Utilized during the reporting period	—
Withdrawn and credited to Statement of Profit and Loss	4,558,664
Balance outstanding at the end of the reporting period	16,726,646

SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (Contd.)

	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
35 FOREIGN CURRENCY EXPOSURES		
Assets (Receivables)	387,799,156	284,252,252
Liabilities (payables)	199,968,851	152,494,714

36 INITIAL PUBLIC OFFER (IPO)

During the financial year 2011-2012 the company raised funds amounting to Rs. 2,269,999,872/- through an Initial Public Offer by filing prospectus with SEBI through a book building process. A share of the company was issued at the premium of Rs. 246/- having face value of Rs.10 each. All the Issue Related Expense have been debited to Share Premium Account to Rs. 139,082,279/- and the statement of utilisation of IPO Proceeds is as follows. (Rs. in Lakhs)

Expenditure Items	IPO Proceeds (Total estimated cost)	Transfer to Object No 06	Utilisation as of 31.03.2014	**Balance to be utilised	Remarks (refer note 2 below)
1. Finance the expansion of our manufacturing plant in Dabaspeta	10,273.60		10,273.60	—	
2. Construction of a project office in Bangalore city	2,890.90		—	—	Rs. 2,890.90 transferred to object no 06 **
3. Repayment of debt	3,280.70		2,741.57	—	Balance Rs. 539.13 lacs ## transferred to object no 06 ***
4. Funding working capital requirements of our Company	4,000.00		—	—	Balance Rs. 4,000 lacs transferred to object no 06 **
5. General corporate purposes	2,254.80		1,390.82	—	Balance Rs. 863.98 ## transferred to object no 06 ***
6. Finance our manufacturing facility for 2 Pole generators ranging from 54 MW to 200 MW		8,294.01	8,294.01	—	
Total	22,700.00		22,700.00		
Note 1 The IPO proceeds have been fully utilised as on 31.03.2014 and the objects of the IPO as modified and approved by the shareholders have been completed.					
Note 2 ** are the amounts completely unutilised as on June 30, 2012					
*** are the amounts utilised for stated objects as on June 30, 2012					
## are the amounts representing savings from stated objects transferred to 6 above vide note 3 below					
Note 3 In terms of the approval of the shareholders' at the Annual general meeting held on July 12, 2012, the IPO proceeds relating to unutilised objects of issue wrt 02 & 04, balance unutilised wrt object no 03 & 05 may be utilized for objects other than the said objects, including setting up of a new manufacturing facility for manufacture of advanced AC generators-2 pole. The same is fully utilised and the facility is commissioned on 25th April 2014.					

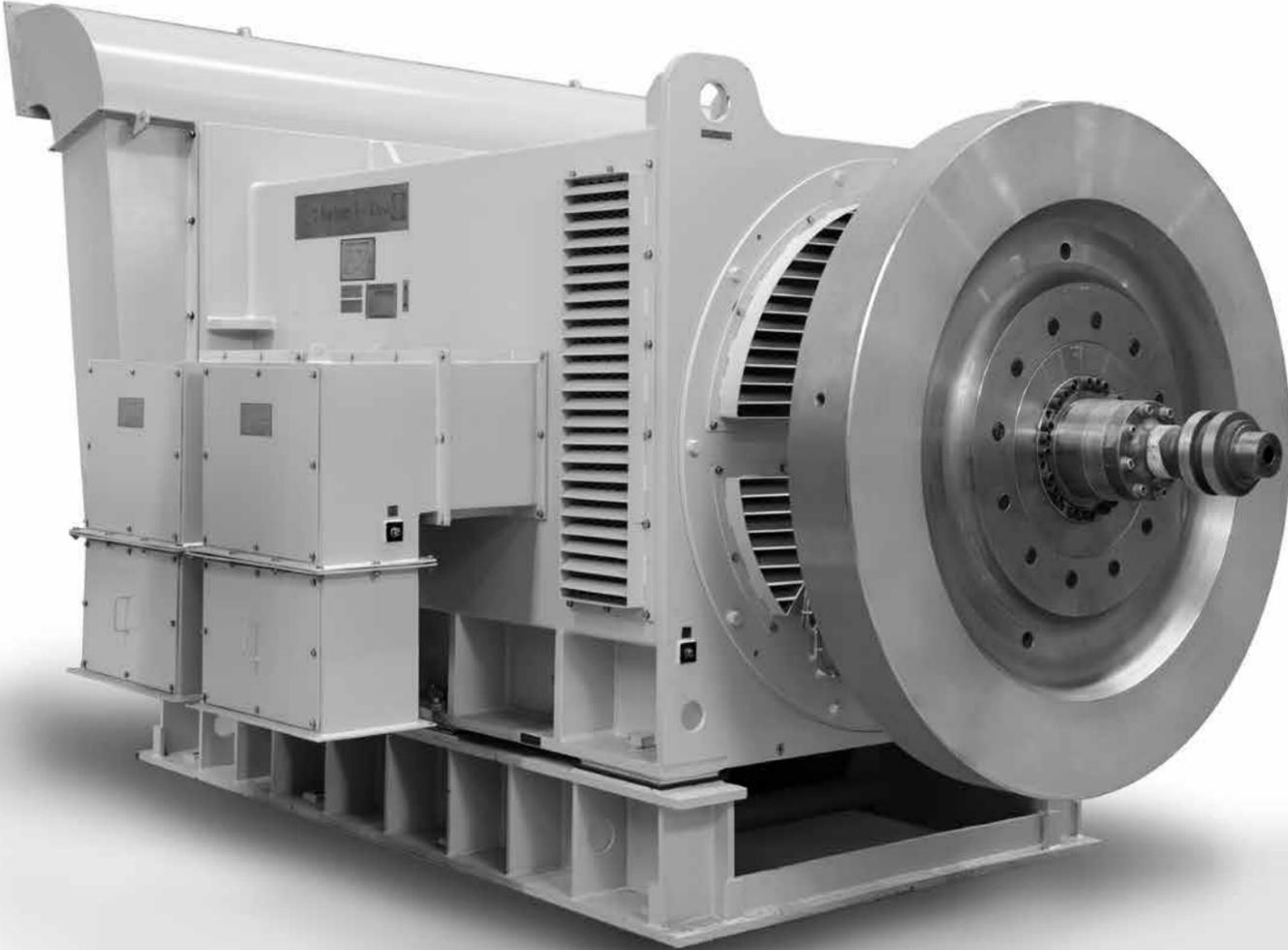
37 RESEARCH & DEVELOPMENT

Following expenses have been incurred by the company towards Research & Development activities

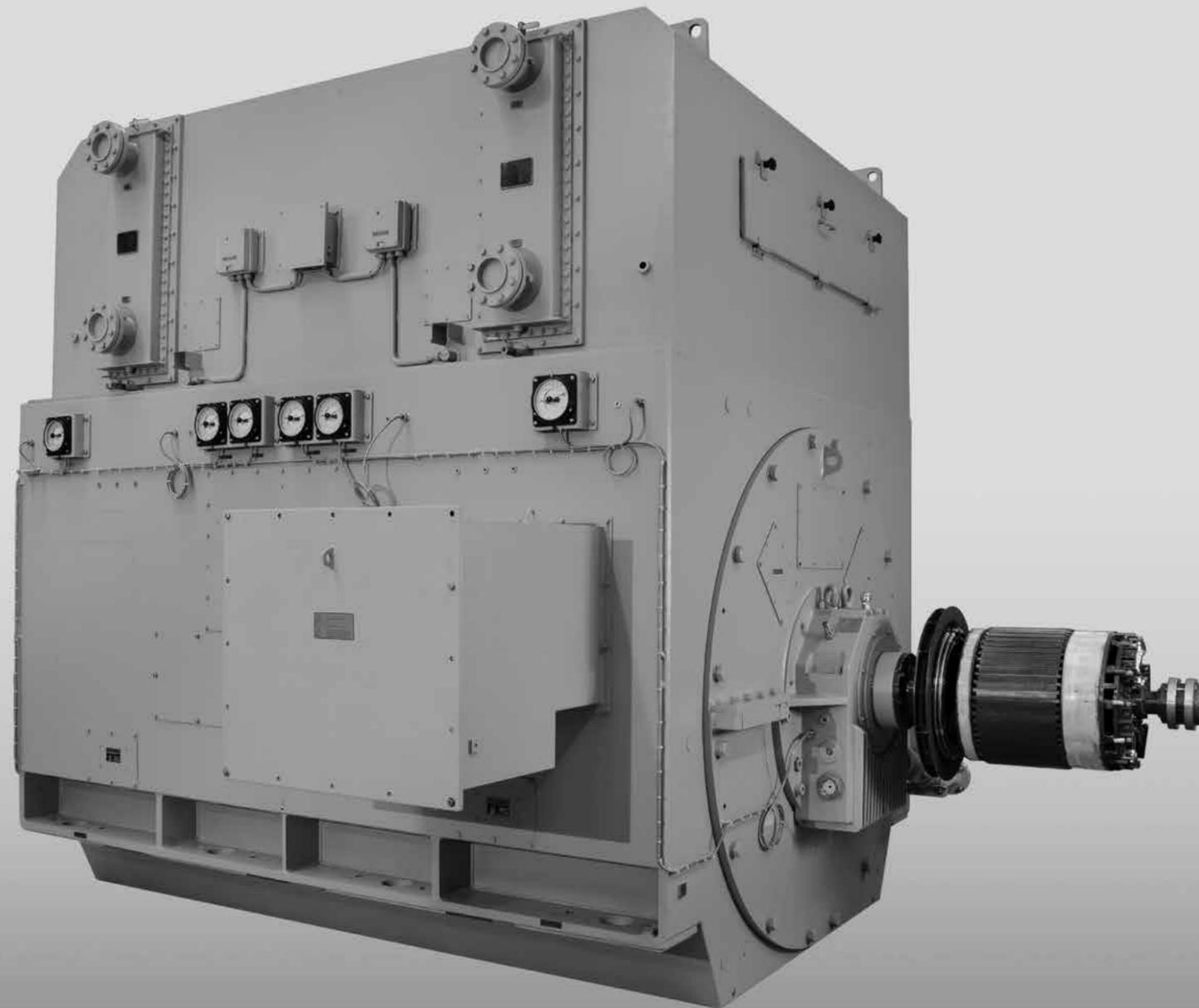
Nature	2013-2014	2012-2013
Capital Expenditure	—	160,091,717
Revenue Expenditure	70,080,669	44,521,059

38 PREVIOUS REPORTING YEAR

Previous reporting year figures have been regrouped wherever required in conformity with the presentation for the current reporting year



CONSOLIDATED FINANCIAL STATEMENTS



Steam Generator

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF TD POWER SYSTEMS LIMITED

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of TD Power Systems Limited ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at March 31, 2014, the consolidated Statement of Profit and Loss and the consolidated 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 consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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:

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

Other Matters

We did not audit the financial statements of certain overseas subsidiaries, referred to in note 1 to consolidated financial statements, which were incorporated by the Company during the previous year. We have relied on the representation of the management in respect of the assets and liabilities position of the said subsidiaries. Our report is not qualified in respect of this matter.

The report on the accounts of the Japan branch office and Hong Kong branch office of Indian subsidiary (both not audited by us) audited by Mr. Mitsuo Sekino and M/s. Simon Chong & Co., Certified Public Accountant respectively has been forwarded to us and has been dealt with in the manner considered appropriate by us while preparing our report. Our report is not qualified in respect of this matter.

Bangalore
May 21, 2014

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

R. Satyanarayana Murthi
Partner
Membership No. 024248

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2014

	Note	Rs.	As at 31.3.2014 Rs.	Rs.	As at 31.3.2013 Rs.
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	2	332,375,880		332,375,880	
Reserves and Surplus	3	4,743,139,408		4,608,448,002	
			5,075,515,288		4,940,823,882
Non-current liabilities					
Long term borrowings	4	—		—	
Deferred tax liabilities (Net)	5	145,822,323		136,880,270	
Other long term liabilities	6	—		132,668,817	
Long term provisions	7	36,778,224		32,970,846	
			182,600,547		302,519,933
Current Liabilities					
Short term borrowings	8	629,881,154		269,932,411	
Trade payables	9	1,688,051,045		1,322,569,801	
Other current liabilities	10	1,504,751,515		866,440,540	
Short term provisions	11	599,218,357		716,894,619	
			4,421,902,071		3,175,837,371
Total			9,680,017,906		8,419,181,186
ASSETS					
Non-current assets					
Fixed Assets					
Tangible assets	12	2,193,823,154		1,997,882,520	
Capital work in progress	13	540,173,604		161,750,004	
		2,733,996,758		2,159,632,524	
Non-current investments	14	50,000		50,000	
Long term loans and advances	15	420,700,745		415,914,096	
			3,154,747,503		2,575,596,620
Current Assets					
Inventories	16	862,973,640		530,460,923	
Trade receivables	17	2,218,309,200		1,778,022,629	
Cash and Bank Balance	18	2,403,668,563		2,904,616,752	
Short term loans and advances	19	1,040,319,000		630,484,262	
			6,525,270,403		5,843,584,566
Total			9,680,017,906		8,419,181,186

Summary of Accounting Policies and other explanatory information form an integral part of the Balance Sheet 1-38

In Accordance with our Report attached

For **B.K. RAMADHYANI & CO.**

Chartered Accountants
Firm Registration No. 002878S

R. Satyanarayana Murthi
Partner - M.No. 024248

Bangalore
May 21, 2014

For and on behalf of Board of Directors

Mohib N. Khericha
Chairman

Nikhil Kumar
Managing Director

K. G. Prabhakar
Chief Financial Officer

N. Srivatsa
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

	Note		Year ended 31.03.2014 Rs.	Year ended 31.03.2013 Rs.
INCOME				
Revenue from Operations	21		4,802,297,923	5,870,654,827
Other Income	22		340,980,281	308,035,110
Total Revenue			5,143,278,204	6,178,689,937
EXPENSES				
Cost of materials consumed	23	2,437,422,678		1,748,419,651
Purchases for Project Business		1,316,193,410		2,323,211,391
Changes in inventories of finished goods, work in progress and stock in trade	24	(237,144,003)		293,236,007
			3,516,472,085	4,364,867,048
Employee benefits expense	25		606,631,383	532,405,220
Finance costs	26		36,140,140	34,307,883
Depreciation and amortization expense	27		149,519,120	124,228,712
Other expenses	28		480,979,074	478,552,462
Total Expenses			4,789,741,801	5,534,361,326
Profit before tax			353,536,403	644,328,611
Tax expense				
Current tax		117,513,192		175,241,476
Deferred tax		8,942,053		51,674,265
			126,455,245	226,915,741
Profit/(Loss) for the Period/Year			227,081,158	417,412,870
Less : Prior Period Adjustment			3,059,100	—
Profit/(Loss) for the period			224,022,058	417,412,870
Earning per equity share	30			
Basic & Diluted			6.74	12.56
Summary of Accounting Policies and other explanatory information form an integral part of the Statement of Profit & Loss 1-38				

In Accordance with our Report attached

For **B.K. RAMADHYANI & CO.**

Chartered Accountants
Firm Registration No. 002878S

R. Satyanarayana Murthi
Partner - M.No. 024248

Bangalore
May 21, 2014

For and on behalf of Board of Directors

Mohib N. Khericha
Chairman

Nikhil Kumar
Managing Director

K. G. Prabhakar
Chief Financial Officer

N. Srivatsa
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

	Current Year In Rs.	Previous Year In Rs.
A Cash flow from operating activities		
Net Profit before tax and extraordinary items	353,536,400	644,328,611
Adjustments for		
Depreciation	149,519,120	124,228,710
Amortisation	—	—
(Profit) / Loss on sale of Fixed Asset	1,897,581	(627,033)
Dividend Income	(6,000)	(6,000)
Interest Income	(215,275,984)	(262,827,779)
Interest Payments	36,140,140	34,307,883
Provision for Warranty Claims	(4,558,664)	(9,159,241)
Exchange Fluctuation Deficit	—	(41,943,945)
Provision for Gratuity & Leave Encashment	20,764,561	8,614,782
	(11,519,246)	(147,412,623)
Operating profit before Working Capital Changes	342,017,154	496,915,988
Adjustments for		
Trade Receivables	(440,286,571)	623,918,732
Other Receivables	(609,894,015)	201,370,591
Inventories	(332,512,717)	299,072,240
Future Contracts	—	(103,058,362)
Trade Payables	871,309,425	(604,893,217)
	(511,383,878)	416,409,984
Cash generated from Operations	(169,366,723)	913,325,972
Payment of Fringe Benefit Tax	—	—
Payment of Gratuity	—	—
Direct Taxes Paid	76,707,175	263,758,031
	76,707,175	263,758,031
Net Cash Flow from Operating Activities	(246,073,898)	649,567,941
B Cash flow from Investing Activities		
Purchase of Fixed Assets	(726,765,109)	(848,653,472)
Purchase of Investments	—	—
Sale of Fixed Asset / Purchase of Investments	7,680,759	6,538,514
Dividend Received	6,000	6,000
Interest Received	215,275,984	262,827,779
Net Cash used in investing activities	(503,802,365)	(579,281,179)
C Cash flow from financing activities		
Proceeds from issuance of Share Capital	—	—
Share Premium	—	—
Refund on Income Tax	—	—
Long term borrowings	—	—
Temporary Borrowing	31,919,400	(46,335,515)
Unsecured Loans & Deposits	(186,028)	(3,639,727)
Working Capital borrowings	328,029,343	(26,365,026)
Interest Paid	(36,140,140)	(34,307,883)
Dividend and Tax on Dividend paid	(74,694,500)	(77,259,111)
Net Cash flow from financing activities	248,928,075	(187,907,261)
Net increase/decrease in cash and cash equivalents	(500,948,189)	(117,620,500)
Cash and cash equivalents at the beginning	2,904,616,753	3,022,237,252
Cash and cash equivalents at close	2,403,668,564	2,904,616,752
Actual Closing Cash Balance	2,403,668,564	2,904,616,752
Add : Non-Cash Equivalents	—	—
Cash and cash equivalents at Close	2,403,668,564	2,904,616,752

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

In accordance with our report attached
For **B.K. RAMADHYANI & CO.**
Chartered Accountants
R. Satyanarayana Murthi
Partner - M.No. 024248

Bangalore
May 21, 2014

SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE PERIOD ENDED MARCH 31, 2014

1 SIGNIFICANT ACCOUNTING POLICIES

Consequent to a Special Resolution of the Members, passed at the Company's Extra Ordinary General Meeting held on 17th January 2011, the Company is converted to a Public Limited Company by altering its Articles of Association in terms of Section 31 read with Section 44 of the Companies Act 1956, and a fresh Certificate of Incorporation dated 4th February 2011 is issued by the Registrar of Companies, Karnataka. DF Power Systems Private Limited (Subsidiary Company), a company incorporated under Companies Act, 1956 is the Wholly Owned Subsidiary of the company, w.e.f. October 1, 2010.

The company has subscribed to a Wholly Owned Subsidiary in United States of America under the name M/s. TD Power Systems (USA) Inc. incorporated as Delaware Corporation on 20th February 2013 located at Ohio. The transactions since incorporation is consolidated in terms of AS 21.

The company has incorporated a Wholly Owned Subsidiary in Japan under the name M/s. TD Power Systems Japan KK on 19th March 2013 in Tokyo. The transactions since incorporation is consolidated in terms of AS 21.

1.1 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 the date of the financial statements and the reported amounts of revenue and expenses during the reported period.

1.2 PRINCIPLES OF CONSOLIDATION

The financial statements of the subsidiary company used in the consolidation are drawn up to the same reporting date as of the Company.

- The financial statement of the Company and its subsidiary company has been combined on a line by line basis by adding together like items of assets, liabilities, income and expenses. Inter-company balances and transactions and unrealized profits or losses have been fully eliminated.
- The share of equity in the subsidiary company as on the date of investment in excess of cost of investment of the Group is recognized as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.

1.3 FIXED ASSETS

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

1.4 INVENTORIES

Inventories are valued at cost or net realizable value, which ever is lower. Raw materials and bought out items are valued on first in first out basis as per Accounting Standard - 2 and includes material cost, carriage inward, insurance and purchase related expenses. Cost in respect of work in progress and finished goods are based on works cost.

1.5 DEPRECIATION

Depreciation is charged on straight line method as stipulated under section 205 (2) (b) of the Companies Act, 1956, at the rates specified in schedule XIV, prorata from the quarter of addition / deletion.

For and on behalf of Board of Directors
Mohib N. Khericha
Chairman
K. G. Prabhakar
Chief Financial Officer
Nikhil Kumar
Managing Director
N. Srivatsa
Company Secretary

SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (Contd.)

1.6 REVENUE RECOGNITION**Company**

- a. Sale of manufactured goods is recognized on shipment to customers, and exclusive of excise duty and sales tax.
- b. Sale of goods in case of project business is recognised on shipment to customers.
- c. Erection and commissioning income is recognised as and when the services are performed/completed.
- d. Interest income is recognised based on time proportion basis.
- e. Dividend income is recognised when the right to receive the dividend is established.

Subsidiaries

- 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 and 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.
- d. Liquidated damages in terms of the contract is recognised on crystalization.

1.7 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.
- e. In respect of integral foreign operations, being the Wholly Owned Subsidiary at United States of America, financial statements are translated as if the transactions are those of the Company itself.
- f. In respect of non-integral foreign operations, being the Wholly Owned Subsidiary at Japan, financial statements are translated as under assets and liabilities, both monetary and non-monetary at the closing rate, income and expenses at the transaction exchange rate and resulting exchange differences, accumulated in foreign currency translation reserves.

1.8 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.

1.9 BORROWING COST

Interest and other borrowing cost on borrowings relating to qualifying assets are capitalized up to the date such assets are ready for use. Other interest and borrowing cost are charged to Profit & Loss Account.

1.10 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.

SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (Contd.)

1.11 EMPLOYEES BENEFITS**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 on government bonds at the balance sheet date with the term that matches to the liabilities.

1.12 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 Statement of profit and loss.

1.13 ACCOUNTING FOR LEASE

- a. Operating Lease:
Lease 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.
- b. 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.

1.14 AMORTISATION OF TECHNICAL KNOW-HOW FEE/LICENCE FEE.

Technical Know-how Fees will be amortised over a period of 60 months.

1.15 INVESTMENT

Non-current investments are stated at cost. Provision for diminution if any, in the value of investments is made, to recognise a decline, other than temporary. Current investments are valued at lower of cost or market value.

1.16 RESEARCH & DEVELOPMENT

Expenditure on research & development activity undertaken is charged to the Statement of Profit & Loss as and when incurred during the year to their natural head of accounts. The expenditure incurred includes cost of materials, salaries & wage and other revenue expenditure.

Capital Expenditure is categorised and disclosed separately as Research & Development Fixed Asset and depreciation is charged as prescribed under Companies Act, 1956 discussed in para 1.5 above.

SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (Contd.)

	As at 31.03.2014		As at 31.03.2013	
	Number	Rs.	Number	Rs.
2 SHARE CAPITAL				
Authorized				
Equity shares of Rs.10/- each	35,000,000	350,000,000	35,000,000	350,000,000
		350,000,000		350,000,000
Issued, subscribed and fully paid up				
Equity shares of Rs.10/- each				
At the beginning of the year	33,237,588	332,375,880	33,237,588	332,375,880
Issued during the year	—	—	—	—
At the close of the year	33,237,588	332,375,880	33,237,588	332,375,880
Total		332,375,880		332,375,880

I 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. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

For the period ended 31 March 2014 (31 March 2013, Rs. 2.00), a dividend per share of Rs. 2.30 has been provided for payment to shareholders subject to approval at the Annual General Meeting of the Company.

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 Equity shares include:

- Shares allotted pursuant to a contract without consideration being received in cash. Issued to the shareholder of subsidiary company in exchange of 1,700,000 fully paid up equity shares of Rs. 10/- each on 19th October 2010
- Shares allotted by way of bonus shares. On Capitalisation out of Reserves to an extent of 16,246,934 Equity Shares of Rs. 10/- each on 11th January 2011.

	As at 31.03.2014		As at 31.03.2013	
	Percentage	No. of shares	Percentage	No. of shares
III Particulars of equity shareholders holding more than 5% of the total paid up equity share capital				
Saphire Finman Services Private Limited	18.13%	6,026,433	18.13%	6,026,433
Nikhil Kumar	15.46%	5,138,664	15.46%	5,138,664
Hitoshi Matsuo	12.74%	4,235,254	12.74%	4,235,254
Sofia M Khericha	6.27%	2,084,100	6.27%	2,084,100
Mohib N Khericha	5.56%	1,846,860	5.56%	1,846,860

SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (Contd.)

3 RESERVES AND SURPLUS**Capital Reserve**

As at the beginning of the year

As at the end of the year **(A)**

Securities Premium

As at the beginning of the year

As at the end of the year **(B)**

General Reserve

As at the beginning of the year

Add:

Transferred from Statement of Profit and Loss

As at the end of the year **(C)**

Foreign Currency Translation Reserves

As at the beginning of the year

Add:

During the period (Refer Note 1.7 f)

As at the end of the year **(D)**

Surplus i.e. balance in Statement of Profit & Loss

As at the beginning of the year

Add:

Transferred from Statement of Profit and Loss

Less:

Transferred to General Reserve

Proposed dividend

Provision towards dividend distribution tax

As at the end of the year **(E)**

Total (A to E)**4 LONG TERM BORROWINGS****Secured Loans**

Term Loans -from Banks

Less: Current maturities of Long Term loans

Net Total long term borrowings

Additional Information

Details of security for secured loans

(i) Vehicle Loans from ICICI Bank -Secured by specific charge on Motor Vehicles

Terms of repayment of term loans and others

Vehicle loans repayable in 35 Equated Monthly Installments with an interest rate of 7.75% (fixed).

	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
	71,829,215	71,829,215
	71,829,215	71,829,215
	2,050,763,239	2,050,763,239
	2,050,763,239	2,050,763,239
	269,744,208	229,913,937
	34,885,280	39,830,271
	304,629,488	269,744,208
	—	—
	107,875	—
	107,875	—
	2,216,111,340	1,913,242,283
	224,022,058	417,412,870
	34,885,280	39,830,281
	76,446,452	66,475,176
	12,992,075	8,238,356
	2,315,809,591	2,216,111,340
	4,743,139,408	4,608,448,002
	—	186,028
	—	186,028
	—	—
	—	186,028

SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (Contd.)

	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
5 DEFERRED TAX LIABILITY		
Deferred tax liability		
On account of depreciation on fixed assets	160,546,148	150,708,388
Deferred tax asset		
On account of timing differences in recognition of expenditure	14,723,825	13,828,118
Net Deferred tax liability/(asset)	145,822,323	136,880,270
6 OTHER LONG TERM LIABILITIES		
Advance from Customers	—	132,668,817
Total	—	132,668,817
7 LONG TERM PROVISIONS		
Provisions for employee benefits - Leave Encashment	36,778,224	32,970,846
Total	36,778,224	32,970,846
8 SHORT TERM BORROWINGS		
Secured Loans		
Loans repayable on demand -from Banks	629,881,154	269,932,411
Total	629,881,154	269,932,411
Additional Information		
Details of security for secured loans		
Balance of Working Capital Loan from M/s Bank of Baroda as on 31st March – Secured by Hypothecation of Raw Materials, Goods-in-process, Finished Goods and Book Debts and a charge on Fixed assets of the company.	629,881,154	269,932,411
From Bank of Tokyo Mitsubishi UFJ Limited, Tokyo, Japan secured by goods pending shipment.	—	—
Loans repayable on demand		
Terms of repayment of secured loans -from Banks	629,881,154	269,932,411
Interest at 2% over base rate (floating) -from others	—	—
Interest at 3.10% p.a.		
9 TRADE PAYABLES		
To Micro, Small and Medium Enterprises	61,831,496	3,830,461
Others	1,626,219,549	1,318,739,340
Total	1,688,051,045	1,322,569,801
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:		

SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (Contd.)

	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.												
TRADE PAYABLES														
Additional Information (Contd.)														
1. Principal amount due and remaining unpaid	61,831,496	3,830,461												
2. Interest due on (1) above and the unpaid interest	665,041	204,682												
3. Interest paid on all delayed payments under the MSMED Act	—	—												
4. Payment made beyond the appointed day during the year	70,552,683	140,551,124												
5. Interest due and payable for the period of delay other than (3) above	2,811,530	5,106,018												
6. Interest accrued and remaining unpaid	3,476,571	5,310,700												
7. Amount of further interest remaining due and payable in succeeding years	19,286,821	15,810,250												
10 OTHER CURRENT LIABILITIES:														
Current maturities of long term debt	—	186,028												
Unclaimed dividends	19,032	—												
Outstanding Liabilities	543,285,686	518,622,880												
Duties and taxes payable	10,103,607	12,557,402												
Trade advance received from customers	925,464,379	232,013,126												
Earnest Money Deposit	215,000	215,000												
Other liabilities	25,663,811	102,846,104												
Total	1,504,751,515	866,440,540												
11 SHORT TERM PROVISIONS														
Reserve for Future Contract	487,413,297	616,393,205												
Provision for Warranties	16726,646	21,285,310												
Provisions for employee benefits - Leave Encashment	5,639,887	4,502,572												
Proposed dividend (including dividend distribution tax)	89,438,527	74,713,532												
Total	599,218,357	716,894,619												
12 FIXED ASSETS														
	PARTICULARS				GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As	Additions	Deletions	As at	As at	Additions	Withdrawals	As at	As at	As at				
	at 01.04.2013			31.03.2014	01.04.2013			31.03.2014	31.03.2014	31.03.2013				
Tangible Assets														
Free Hold Land	249,262,167	—	—	249,262,167	—	—	—	—	249,262,167	249,262,167				
Buildings	675,830,892	127,009,126	—	802,840,018	56,142,196	24,399,873	—	80,542,069	722,297,949	619,688,696				
Plant & Machinery (*)	1,214,291,311	182,737,471	10,729	1,397,018,053	319,099,230	97,267,680	9,751	416,357,158	980,660,895	895,192,081				
Office Equipments	20,797,339	12,118,837	144,208	32,771,967	4,116,379	1,412,359	30,723	5,498,016	27,273,952	16,680,960				
Furniture & Fixtures	20,920,846	16,593,020	1,407,659	36,106,207	8,825,192	2,539,446	239,749	11,124,889	24,981,318	12,095,654				
Computers	52,024,177	5,521,959	2,305,376	55,240,759	31,832,254	6,847,948	2,084,746	36,595,457	18,645,303	20,191,923				
Communication														
Equipments	1,914,850	2,104,541	163,650	3,855,741	770,552	232,258	21,376	981,434	2,874,307	1,144,298				
Motor Vehicles (**)	52,196,378	2,256,553	3,649,137	50,803,794	19,571,054	4,940,754	2,412,661	22,099,147	28,704,647	32,625,324				
Total	2,287,237,960	348,341,507	7,680,759	2,627,898,708	440,356,857	137,640,319	4,799,006	573,198,170	2,054,700,538	1,846,881,103				
Previous Year	1,640,944,802	653,233,656	6,940,498	2,287,237,960	326,247,462	115,138,412	1,029,017	440,356,857	1,846,881,103					
(*) Accumulated depreciation as on 1st April 2004 under Owned Assets includes accumulated depreciation of leased asset also.														
(**) Dues w.r.t Motor Vehicles under Hire Purchase Scheme from ICICI Bank Limited amounts to Rs. Nil (Previous Year Rs. 186,028)														

SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (Contd.)

FIXED ASSETS (Contd.)

FIXED ASSETS RESEARCH & DEVELOPMENT

(Amount in Rupees)

PARTICULARS	GROSS BLOCK (AT COST)			DEPRECIATION				NET BLOCK		
	As at 01.04.2013	Additions for the year	Deletions during the year	As at 31.03.2014	As at 01.04.2013	Additions for the year	Deductions	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013
Tangible Assets										
Plant & Machinery(*)	160,091,717	—	—	160,091,717	9,090,300	11,878,801	—	20,969,101	139,122,616	151,001,417
Total	160,091,717	—	—	160,091,717	9,090,300	11,878,801	—	20,969,101	139,122,616	151,001,417
Previous Year	—	160,091,717	—	160,091,717	—	9,090,300	—	9,090,300	151,001,417	—

13 CAPITAL WORK-IN-PROGRESS

	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
Plant and Machinery	349,650,113	2,764,680
Building under Construction	128,416,426	96,878,259
Land	529,200	529,200
Total	478,595,739	100,172,139
Intangible assets under development: Technical Know-how	61,577,865	61,577,865
Total	540,173,604	161,750,004

14 NON CURRENT INVESTMENT

	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
Details of Investments		
Trade Investments (Unquoted)		
Investments in Equity Instruments: 2000 Equity share of Rs. 25 each fully paid up in M/s. The Shamrao Vithal Co-operative Bank limited	50,000	50,000
Additional Information		
Aggregate value of unquoted investments (Cost)	50,000	50,000

15 LONG TERM LOANS AND ADVANCES

	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
Capital advances	252,141,000	238,592,935
Security Deposit	7,882,500	9,139,844
Advance payment of Tax (net of Provisions)	160,677,245	168,181,317
Total	420,700,745	415,914,096
Additional information		
Breakup of above		
Unsecured, considered good	420,700,745	415,914,096
Total	420,700,745	415,914,096

16 INVENTORIES

	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
Raw materials	340,478,080	231,816,892
Work in progress	502,714,353	269,820,563
Finished goods	17,949,689	13,699,476
Stock in trade	357,689	3,263,189
Goods in transit: Raw materials	1,473,829	11,860,803
Total	862,973,640	530,460,923

SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (Contd.)

17 TRADE RECEIVABLES

	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
Trade receivables exceeding six months	495,924,159	330,129,902
others	1,722,385,041	1,447,892,727
Total	2,218,309,200	1,778,022,629
Additional information		
Breakup of above:		
Secured, considered good	680,016,569	343,075,941
Unsecured, considered good	1,538,292,631	1,434,946,688
Total	2,218,309,200	1,778,022,629

18 CASH AND CASH EQUIVALENTS

	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
Balances with Banks		
- on current account	213,751,538	221,115,737
- in deposit accounts less than 3 months maturity	270,000,000	—
Cheques, drafts on hand	—	—
Cash on hand	477,280	506,131
Other Bank balances:		
Balances with Banks		
- in margin money	83,960,500	88,188,600
- in deposit accounts exceeding 12 months maturity	429,525,000	413,530,000
- in deposit accounts exceeding 3 month but not exceeding 12 months	1,405,954,245	2,181,276,284
Total	2,403,668,563	2,904,616,752

19 SHORT TERM LOANS AND ADVANCES

	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
Rent Deposit	3,353,255	7,094,395
Balance with Statutory/ Govt authorities	390,747,891	256,113,847
Prepaid Expenses	9,782,695	9,198,178
Trade Advance	563,805,534	193,015,852
Interest accrued on term deposits	49,779,369	122,969,513
Expenditure Tax - Japan Branch	—	20,945,443
Others	22,850,256	21,147,035
Total	1,040,319,000	630,484,262
Additional information		
Breakup of above		
Unsecured, considered good	1,040,319,000	630,484,262
Total	1,040,319,000	630,484,262

20 CONTINGENT LIABILITIES AND COMMITMENTS

(to the extent not provided for)

a Contingent Liabilities

Claims against the Company not acknowledged as debts	—	19,711,242
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SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (Contd.)

	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
CONTINGENT LIABILITIES AND COMMITMENTS (Contd.)		
Guarantees	1,513,628,162	1,433,716,847
Letters of credit	175,303,155	107,318,622
The management believes, based on internal assessment and / or legal advice, that the probability of an ultimate adverse decision and outflow of resources of the Company is not probable and accordingly, no provision for the same is considered necessary.		
Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	93,300,798	472,196,698
Corporate Guarantee issued to the bankers of the subsidiary company	5,540,000,000	5,540,000,000
Corporate Guarantee issued on behalf of subsidiary company. (Japan WOS)	182,270,682	—
Outstanding Bills discounted under Letter of Credit	—	24,715,274
	For the year ended 31.03.2014 Rs.	For the year ended 31.03.2013 Rs.
21 REVENUE FROM OPERATIONS		
Sale of Goods		
AC Generators	3,17,24,86,377	2,799,966,027
AC Motors	—	49,783,341
AC Generator Spares	29,90,45,411	293,696,475
Power Business Inland	9,82,45,646	422,849,911
Power Business Overseas Japan Branch	31,30,28,356	1,168,570,056
Power Business Overseas Japan WOS	15,51,44,425	—
Power Business Inland - EPC	1,08,92,21,016	1,529,615,179
Reserve for Future Contract - ADD / (Less)	12,89,79,908	103,058,362
Total	5,25,61,51,139	6,367,539,351
Sale of services	7,54,51,729	117,338,875
Other operating revenues	4,38,74,041	37,799,798
Total	5,37,54,76,909	6,522,678,024
Less:		
Intersegmental sales	17,49,79,478	384,668,673
Intercompany	11,29,38,487	—
Excise duty	28,52,61,021	267,354,524
Total	4,80,22,97,923	5,870,654,827
22 OTHER INCOME		
Interest income on Bank Deposits	214,601,204	262,827,779
Dividend Income - long term investments	5,994	6,000
Provision no longer required withdrawn	936,809	41,943,945
Other non operating income (net of expenses directly attributable to such income)	125,436,273	3,257,386
Total	340,980,281	308,035,110

SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (Contd.)

	For the year ended 31.03.2014 Rs.	For the year ended 31.03.2013 Rs.
23 COST OF MATERIALS CONSUMED		
Consumption of raw materials	2,412,981,328	1,729,205,410
Consumption of stores and spare parts	24,441,350	19,214,241
Total	2,437,422,678	1,748,419,651
Consumption of major raw materials		
Copper (wires, strips, rods, sheet etc.)	405,341,078	336,799,699
Steel/ Laminations	324,523,011	326,591,000
Shaft Forgings	132,239,080	70,120,104
Others	1,550,878,159	995,694,607
Total	2,412,981,328	1,729,205,410
Purchases for Projects & EPC Business	1,316,193,410	2,323,211,391
24 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS		
Stocks at the end of the year		
Work in progress: A C Generators	502,714,353	269,820,563
Finished goods: A C Generators	17,949,689	13,699,476
Total	520,664,042	283,520,039
Less: Stocks at the beginning of the year		
Work in progress: A C Generators	269,820,563	570,069,230
Finished goods: A C Generators	13,699,476	6,686,816
Total	283,520,039	576,756,046
Net (Increase) / Decrease in Stock	(237,144,003)	293,236,007
25 EMPLOYEE BENEFIT EXPENSES		
Salaries and wages	440,110,324	359,829,943
Contribution to provident and other funds	42,096,469	37,440,060
Remuneration to whole time directors including contributions	44,559,342	54,241,559
Staff welfare expenses	79,865,248	80,893,658
Total	606,631,383	532,405,220
26 FINANCE COSTS		
Interest expense	36,140,140	34,307,883
Total	36,140,140	34,307,883
27 DEPRECIATION AND AMORTIZATION		
Depreciation	149,519,120	124,228,712
Total	149,519,120	124,228,712

SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (Contd.)

	For the year ended 31.03.2014 Rs.	For the year ended 31.03.2013 Rs.
28 OTHER EXPENSES		
Power and fuel	67,485,842	61,713,474
Rent	23,441,330	36,102,204
Repairs and maintenance		
Buildings	6,158,941	3,584,146
Machinery	13,577,089	14,988,385
Others	10,166,222	5,933,899
Insurance	12,022,737	7,735,187
Rates and taxes	2,062,735	3,216,738
Payment to the auditors		
as auditor	1,422,500	2,025,000
for taxation matters	700,000	700,000
for other services	1,012,617	545,765
Selling expenses	46,195,010	40,988,962
Loss on sale of fixed asset (net)	1,897,581	—
Donations	804,000	348,060
Legal and professional charges	67,482,871	65,257,969
Directors sitting fees	1,304,272	1,119,552
Travelling and Conveyance	137,060,520	119,022,361
Bank Charges	25,656,961	32,870,411
Foreign Exchange Fluctuation	1,699,415	23,814,688
Postage, Telegrams and Telephones	12,469,747	12,744,718
Royalty	1,582,808	4,370,987
Software Expenses on ERP	16,372,685	12,720,349
Manufacturing Expenses	11,231,924	9,749,107
Vehicle Maintenance	6,775,103	7,414,266
Advertisement	3,095,133	2,893,434
Printing & Stationary	7,643,746	7,139,720
Subscription to Technical Associations, Journals & Magazines	1,657,285	1,553,080
Total	480,979,074	478,552,462
29 ADDITIONAL INFORMATION		
Value of Imports calculated on CIF basis		
Raw Materials	605,053,755	229,636,404
Capital goods	274,530,378	101,419,674
Expenditure in foreign currency (net of with holding tax)		
Others - On Payment Basis	30,789,400	50,788,509
Capital Equipment Purchased	136,454,137	170,138,160
Value of imported raw materials, spare parts and components consumed		
Amount	381,261,870	196,934,106
Percentage	17.33%	9.65

SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (Contd.)

	For the year ended 31.03.2014 Rs.	For the year ended 31.03.2013 Rs.
ADDITIONAL INFORMATION (Contd.)		
Value of indigenous raw materials, spare parts and components consumed		
Amount	1,819,016,805	1,844,721,552
Percentage	82.67%	90.35%
Total (Amount)	2,200,278,675	2,041,655,658
Total Percentage	100.00%	100.00%
Details of non-resident shareholdings		
Number of nonresident share holders	39	51
Number of shares held by nonresident shareholders	12,078,065	11,791,174
Earnings in foreign exchange		
Export of goods calculated on FOB basis	1,301,063,308	1,142,358,570
Other Income	—	93,738
30 EARNINGS PER SHARE		
After extraordinary item		
Profit for the year after tax expense	224,022,058	417,412,870
Weighted average number of equity shares	33,237,588	33,237,588
Earning per share	6.74	12.56
31 DISCLOSURES AS PER ACCOUNTING STANDARD 15" EMPLOYEE BENEFITS		
Defined Contribution Plan		
Employer's Contribution to Provident Fund & Pension Scheme	24,659,208	22,670,581
Employer's Contribution to Super Annuation Fund	—	—
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.	—	—
	Current Year (Rs.)	Previous Year (Rs.)
	Gratuity (Funded)	Leave (Unfunded)
Defined Benefit obligation at beginning of the reporting period	29,487,753	36,085,280
Current Service Cost	4,763,698	9,062,995
Interest Cost	2,374,334	2,820,528
Acquisition adjustment	—	—
Actuarial (gain)/ loss	1,797,454	(4,632,675)
Benefits Paid	(1,800,397)	(3,377,259)
Defined Benefit obligation at end of the reporting period	36,622,842	39,958,869
Obligations at end of the period-Current	3,184,991	5,135,700
Obligations at end of the period- Non-Current	33,437,851	34,823,169
	Gratuity (Funded)	Leave (Unfunded)
	23,546,148	39,892,934
	4,256,372	11,090,223
	1,885,386	2,955,858
	—	—
	1,226,634	(7,617,434)
	(1,426,787)	(10,236,301)
	29,487,753	36,085,280
	3,054,570	4,120,473
	26,433,183	31,964,807

SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (Contd.)

DISCLOSURES AS PER ACCOUNTING STANDARD 15" EMPLOYEE BENEFITS (Contd.)

(Amount in Rs.)

	Gratuity (Unfunded)	Leave (Unfunded)	Gratuity (Unfunded)	Leave (Unfunded)
Reconciliation of opening and closing balance of fair value of plan assets				
Fair value of plan assets at beginning of the reporting period *	39,390,514	—	31,618,952	—
Acquisition adjustment				
Expected return on plan assets	3,556,121	—	2,885,134	—
Employer Contribution	10,728,158	—	6,293,472	—
Benefits paid	(1,800,397)	—	(1,426,787)	—
Actuarial gain/(loss)	(114,666)	—	19,743	—
Fair value of plan assets at reporting period	51,759,730	—	39,390,514	—
Reconciliation of fair value of assets and obligations				
Fair value of plan assets	51,759,730	—	39,390,514	—
Present value of obligation	(36,622,842)	—	(29,487,753)	14,723,000
Funded assets in excess of obligation of prior years	(15,136,888)	—	(9,983,977)	(14,723,000)
Amount recognised in Balance Sheet under liabilities:	—	—	(81,216)	—
Expense recognised during the year				
Current Service Cost	7,243,380	9,062,995	6,167,545	11,090,223
Interest Cost	2,374,334	2,820,528	1,885,386	2,955,858
Expected return on plan assets	(3,556,121)	—	(2,885,134)	—
Actuarial (gain)/ loss	1,912,120	(4,632,675)	1,206,891	(7,617,434)
Net Cost	7,973,713	7,250,848	6,374,688	6,428,647
Actuarial assumptions:				
	1994 – 96 (Ultimate)	Indian Assured Lives Mortality (2006-08) (modified) ULT	1994 – 96 (Ultimate)	1994 – 96 (Ultimate)
Mortality Table				
Discount rate (per annum)	8.00%	8.20%	8.00%	8.50%
Expected rate of return on plan assets (per annum)	8.00%	NA	8.00%	NA
Rate of escalation in salary (per annum)	7.00%	7.00%	7.00%	7.00%

The estimates of rate of escalation in salary considered in actuarial valuation, taken 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.

32 SEGMENT REPORTING

The company's operation comprises of Manufacturing business & Project Business. Primary segmental reporting comprises of Manufacturing Business, Project Business and EPC segments. Secondary Segmental reporting is based on geographical location of Activities. Under primary segment revenue and direct expenses, which relate to a particular segment and which are identifiable, are reported under that segment.

SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (Contd.)

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.

Secondary segment is reported based on the geographical location of the company, viz., India, Hong Kong and Japan. Revenues in the secondary segment are based on the sales made by the branch office. Inter-segmental purchases & sales are separately identified and reported. Fixed assets, Current Assets including Cash and Bank accounts and Current Liabilities are identified based on the branch office to which they relate and are reported accordingly.

Liabilities are identified based on the branch office to which they relate and are reported accordingly.

PRIMARY SEGMENT	Current Year (Amount in Rupees)				
	Manufacturing	Project Business	EPC	Common	Total
Segment Revenues					
External Revenues	3,258,585,376	613,429,588	1,218,200,924	—	5,090,215,887
Intersegment revenues	(174,979,478)	—	—	—	(174,979,478)
Intercompany	(112,938,487)	—	—	—	(112,938,487)
Total Revenues	2,970,667,410	613,429,588	1,218,200,924	—	4,802,297,923
Segment Result					
Profit Before Taxation, Interest and Depreciation	368,526,188	(17,842,950)	(119,334,992)	(33,132,864)	198,215,382
Less: Interest	36,046,742	1,209	91,739	450	36,140,140
Less: Depreciation & Amortizations	145,349,188	722,474	3,155,131	292,327	149,519,120
Total	187,130,257	(18,566,632)	(122,581,862)	(33,425,641)	12,556,122
Unallocable & Other Income (including Extraordinary items)	131,145,083	78,487,866	—	149,347,332	340,980,281
Less: Tax	115,166,309	11,303,369	—	(14,433)	126,455,245
Total Profit	185,109,031	48,617,865	(122,581,862)	115,936,124	227,081,158
					Previous Year (Amount in Rupees)
Segment Revenues					
External Revenues	2,940,284,566	1,682,365,393	1,632,673,541	—	6,255,323,500
Intersegment revenues	(384,668,673)	—	—	—	(384,668,673)
Intercompany	—	—	—	—	—
Total Revenues	2,555,615,893	1,682,365,393	1,632,673,541	—	5,870,654,827
Segment Results					
Profit Before Taxation, Interest & Depreciation	320,622,296	144,204,861	59,812,838	(29,809,897)	494,830,098
Less: Interest	34,058,411	60,859	158,358	30,254	34,307,884
Less: Depreciation & Amortizations	121,523,693	722,474	1,690,217	292,327	124,228,710
Total	165,040,192	143,421,528	57,964,263	(30,132,478)	336,293,504

SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (Contd.)

SEGMENT REPORTING (Contd.)

	Previous Year (Contd.) (Amount in Rupees)				
	Manufacturing	Project Business	EPC	Common	Total
Less: Tax	181,722,139	—	—	45,193,602	226,915,741
Total Profit	109,372,925	158,422,014	61,954,663	87,663,267	417,412,869
Segment Assets - Current Year	4,848,738,401	588,717,904	1,338,311,576	2,364,026,414	9,139,794,295
Previous Year (2012-2013)	4,015,692,037	636,135,218	720,861,566	2,884,692,362	8,257,381,183
Segment Liabilities - Current Year	1,569,644,108	355,371,467	1,885,636,516	18,147,036	3,828,799,127
Previous Year (2012-2013)	1,324,765,199	454,957,606	1,254,651,582	37,170,238	3,071,544,625
Capital Expenditure (Net of disposal)					
Current Year	325,119,284	—	15,541,465		340,660,749
Previous Year (2012-2013)	801,989,859	1,238,672	3,156,344		806,384,875

GEOGRAPHICAL SEGMENT

	Segment revenue by geographical Market (Amount in Rupees)	
	Current Year	Previous Year
	Sales in India	4,276,977,259
Sales overseas	813,238,628	1,845,890,385
Less: Inter-segmental sales	(174,979,478)	(384,668,673)
Less: Inter-company	(112,938,487)	—
Total	4,802,297,923	5,870,654,827

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)	
	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
Located in India	8,323,653,683	7,577,641,942	331,950,766	805,146,204
Located outside India	816,140,612	679,739,242	8,709,982	1,238,671
Total	9,139,794,295	8,257,381,183	340,660,749	806,384,875

33 RELATED PARTY DISCLOSURE

Name of the related party	Relationship
Nikhil Kumar	Key management personnel and their Relatives
Hitoshi Matsuo	Key management personnel and their Relatives
Tadao Kuwashima	Key management personnel and their Relatives
Mohib N. Khericha	Key management personnel and their Relatives
G. S. Raju	Key management personnel and their Relatives
Pavan Ganapati Raju	Key management personnel and their Relatives

SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (Contd.)

RELATED PARTY DISCLOSURE (Contd.)

Nature of transactions	Subsidiary	Key management personnel and their Relatives		Enterprises over which key management personnel and their relatives are able to exercise significant influence
		2014	2013	
		(Amount in Rupees)		
Directors Remuneration and Commission				
Nikhil Kumar	—	24,590,104	(28,183,169)	—
Hitoshi Matsuo	—	9,620,438	(15,709,590)	—
Tadao Kuwashima	—	10,348,800	(10,348,800)	—
CEO Remuneration				
G S Raju	—	11,847,133	(9,384,752)	—
Directors Sitting fees				
Mohib N Khericha	—	360,000	(360,000)	—
Hitoshi Matsuo	—	200,000	(120,000)	—
Lease Rent Paid				
Mohib N Khericha	—	2,700,000	(2,700,000)	—
Rent Paid (including service tax)				
G S Raju	—	189,018	(157,500)	—
Pavan Ganapati Raju	—	178,139	(168,900)	—

34 OPERATING LEASE

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. 23,441,330/- (Previous year Rs.36,102,204/-).

35 WARRANTY CLAIMS AND COMPENSATED LEAVE ENCASHMENT

	(Amount in Rupees)	
	Warranty claims	Compensated leave/ Sick leave
Balance outstanding at the beginning of the year	21,285,310	—
Provision for the year	—	3,914,936
Utilized during the year	—	—
Withdrawn and credited to Statement of Profit and Loss	4,558,664	—
Balance outstanding at the end of the year	16,726,646	3,914,936

36 FOREIGN CURRENCY EXPOSURES

	(Amount in Rupees)	
	As at 31.03.2014	As at 31.03.2013
Assets (Receivables)	768,881,217	573,192,383
Liabilities (Payables)	485,072,606	373,692,945

37 DISCLOSURE AS PER REVISED AS-7 IN RESPECT OF CONTRACT IN PROGRESS AT THE END OF YEAR

Contract revenue	15,849,824,937	13,530,867,604
Cost incurred	13,511,884,009	12,234,619,290
Recognised profit (Less recognized losses)	2,337,940,928	1,296,248,314

SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (Contd.)

THE DISCLOSURE AS PER REVISED AS-7 IN RESPECT OF CONTRACT IN PROGRESS AT THE END OF YEAR (Contd.)

Amount of advance received	551,292,787	176,545,932
Amount of retentions (Deferred debts)	320,069,348	353,565,584
In respect of dues from customer after appropriate netting off	—	—
a) Gross amount due from customer for contract work as an asset	540,504,250	135,553,422
b) Gross amount due to customer for contract work as liability	—	—
Contingencies	Nil	Nil

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

Disclosure of information relating to subsidiaries as required by the Central Government under Section 212(8) of Companies Act, 1956.

Sl No	Particulars	DF Power Systems Private Limited		TD Power Susters (USA) Inc.		TD Power Systems Japan KK	
		31.03.2014 (Rs.)	31.03.2013 (Rs.)	31.03.2014 (Rs.)	31.03.2013 (Rs.)	31.03.2014 (Rs.)	31.03.2013* (Rs.)
(a)	Share capital	60,000,000	60,000,000	48,178,495	55,64,495	12,244,000	—
(b)	Reserves	384,932,994	451,734,888	(40,299,498)	(1,427,808)	10,633,091	(344,447)
(c)	Total Assets	2,348,716,547	1,824,615,808	8,780,642	4,136,687	141,910,749	—
(d)	Total Liabilities	2,348,716,547	1,824,615,808	8,780,642	4,136,687	141,910,749	—
(e)	Details of Investment	—	—	—	—	—	—
(f)	Turnover	1,303,471,285	1,724,950,087	—	—	—	—
(g)	Profit before taxataion	(66,816,327)	137,634,853	(38,871,690)	(1,427,808)	(22,173,032)	(344,447)
(h)	Provision for taxation	(14,433)	45,193,602	—	—	11,303,369	—
(i)	Profit after taxation	(66,801,894)	92,441,251	(38,871,690)	(1,427,808)	10,869,663	(344,447)
(j)	Proposed dividends	—	18,000,000	—	—	—	—

Note:

- The financial Statements of subsidiaries whose reporting currency are other than INR are converted into INR at closing exchange rates in respect of Assets and Liabilities and at average rate in respect of revenue items.
- *The Wholly Owned Subsidiary (WOS) in Japan was incorporated on March 19, 2013 and no Investment by way of share capital has been made by the company in the WOS as on March 31 2013. Since the operations of the WOS did not commence as on March 31 2013, excepting incorporation related expenses of INR 344,447, no other expenses were incurred as on March 31, 2013.
- The accounts of the overseas subsidiary has been prepared under Indian GAAP and consolidated in terms of AS21 issued by the Institute of Chartered Accountants of India.

Notes:

www.tdps.co.in

TD Power Systems Limited

REGISTERED OFFICE & FACTORY:

27, 28 and 29, KIADB Industrial Area

Dabaspeta, Nelamangala Taluk

Bengaluru Rural District

Bengaluru – 562 111 India