

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DF POWER SYSTEMS PRIVATE LIMITED**

Report on the Financial Statements:

We have audited the accompanying financial statements of DF Power Systems Private Limited ("the Company") which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information, in which are incorporated the Returns for the year ended on that date audited by the branch auditors of the Company's branch at Hong Kong.

Management's Responsibility for the Financial Statements:

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these 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 principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also



includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2017, and its losses and its cash flows for the year ended on that date.

Other Matter:

We did not audit the financial statements of Hong Kong branch included in the financial statements of the Company whose financial statements reflect total assets of Rs. 27,53,81,380/- as at March 31, 2017 and total revenues of is NIL. for the year ended on that date, as considered in the financial statements. The financial statements of the branch has been audited by the branch auditors whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of the branch, is based solely on the report of such branch auditors.

Our opinion is not modified in respect of this matter.

The company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of accounts maintained by the company and produced as to us by the management – Refer note 29.

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by the section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
 - (c) The reports on the accounts of the branch offices of the Company audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.



- (d) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from the branch not visited by us.
- (e) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.
- (f) On the basis of the written representations received from the directors as on March 31, 2017 taken on the record by the Board of Directors, none of the directors is disqualified as on that date from being appointed as a director in terms of section 164(2) of the Act.
- (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in annexure B. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (h) With respect to other matters to be included in the Auditors report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us,
- i. The Company does not have any pending litigations which would impact its financial position
 - ii. The Company has made provision, as required under the accounting standards, for material foreseeable losses, on long term contracts. The Company did not have any derivative contracts for which there were any material foreseeable losses
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B.K.RAMADHYANI & CO LLP**
Chartered Accountants
Firm Registration No. 002878S/S200021


R.SATYANARAYANA MURTHI
Partner
Membership No. 024248
BK RAMADHYANI & CO. LLP
CHARTERED ACCOUNTANTS
No. 68, # 4-B, Chitrapur Bhavan,
8th Main, 15th Cross, Malleswaram,
BANGALORE - 560 055.

Date: 18th May 2017
Place: Bangalore

Annexure A referred to in Paragraph 1 under the heading “Report on other legal and regulatory requirements” of our report to the members of DF Power Systems Private Limited

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The management during the previous year has physically verified all the fixed assets. We have been informed by the management that no material discrepancies were observed.
- (c) The Company did not own any immovable property and accordingly, the provisions of paragraph 3(i)(c) of the Order is not applicable.
- (ii) The Company does not hold any inventory, hence the provisions of clause 3 (ii) of the Order is not applicable
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act.
- (iv) The Company has not given any loans, guarantees or securities to directors or Companies covered under section 186 during the year and accordingly the provisions of sections 185 of the Act are not applicable. No investments in securities of any other body corporate have been made during the year and accordingly provisions of section 186 of the Act are not applicable
- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Accordingly, the provisions of paragraph 3(v) of the Order is not applicable.
- (vi) To the best of our knowledge and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of Sub-Section (1) of Section 148 of the Act for the products of the company. Accordingly, the provisions of clause 3(vi) of the said Order are not applicable.
- (vii) According to the information and explanations given to us and the records of the Company examined by us, the Company is generally regular in depositing undisputed statutory dues applicable to it with the appropriate authorities. In terms of its books of account, no undisputed statutory dues payable in respect of provident fund, employees’ state insurance, income tax, sales tax, service tax, customs duty, value added tax, cess and any other statutory dues were outstanding, as at March 31, 2017 for a period of more than six months from the date they became payable. As explained to us, the Company did not have any dues on account of excise duty.
According to the records of the Company and according to the information and explanations given to us, there were no dues outstanding on account of income tax, service tax, sales tax, customs duty on account of dispute.
- (viii) In our opinion, and according to the information and explanations given to us, the Company did not have any outstanding dues to any financial institution, banks or debenture holders as at the end of the year.
- (ix) The Company has not raised any money by way of initial public offer or further public offer or by way of term loans. Accordingly, the provisions of paragraph 3(ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no fraud by/ on the Company by its officers and employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us, no managerial remuneration has been paid during the year. Accordingly provisions of section 197 read with schedule V to the Act and clause 3 (xi) of the Order is not applicable



- (xii) The Company is not a Nidhi company and accordingly, provisions of paragraph 3(xii) of the Order are not applicable.
- (xiii) According to the information and explanations given to us, transactions during the year with related parties are in compliance with sections 188 of Act. Details of transactions with related parties have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of the paragraph 3(xiv) of the Order is not applicable.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him/her. Accordingly, the provisions of the paragraph 3(xiv) of the Order is not applicable.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **B.K.RAMADHYANI & CO LLP**
Chartered Accountants
Firm Registration No. 002878S/S200021



R.SATYANARAYANA MURTHI
Partner

Membership No. 024248

Date: 18th May 2017

Place: Bangalore

B.K RAMADHYANI & CO. LLP
CHARTERED ACCOUNTANTS
No. 68, # 4-B, Chitrapur Bhavan,
8th Main, 15th Cross, Malleswaram,
BANGALORE - 560 055.

Annexure B referred to in Paragraph 2 (g) under the heading “Report on other legal and regulatory requirements” of our report to the members of DF Power Systems Private Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of DF Power Systems Private Limited (“the Company”) as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.



Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

For **B K Ramadhyani & Co LLP.**
Chartered Accountants
(Firm Registration No. 002878S/S200021)



R. SATYANARAYANA MURTHI
Partner
(Membership No. 024248)

B K RAMADHYANI & CO. LLP
CHARTERED ACCOUNTANTS
No. 68, # 4-B, Chitrapur Bhaven,
8th Main, 15th Cross, Malleswaram,
BANGALORE - 560 055.

Date: 18th May 2017
Place: Bangalore

DF POWER SYSTEMS PRIVATE LIMITED
BALANCE SHEET AS AT 31ST MARCH 2017

Particulars	Note No.	As at 31.03.2017		As at 31.03.2016	
		Rs.	Rs.	Rs.	Rs.
I. EQUITY AND LIABILITIES					
(1) Shareholders' Funds					
(a) Share Capital	2	60,000,000		60,000,000	
(b) Reserves and Surplus	3	<u>(7,335,887)</u>	52,664,113	<u>3,444,573</u>	63,444,573
(2) Current Liabilities					
(a) Trade payables	4	257,062,137		349,788,893	
(b) Other current liabilities	5	115,128,510		191,146,497	
(c) Short term provisions	6	103,125,237	475,315,884	114,972,658	655,908,048
TOTAL			<u><u>527,979,997</u></u>	<u><u>719,352,621</u></u>	
II. ASSETS					
(1) Non - current assets					
(a) Property, plant and equipments					
(i) Tangible assets	7	2,335,936		9,337,257	
(b) Deferred tax assets (Net)	8	1,678,366		1,133,228	
(c) Long term loans and advances	9	<u>7,870,332</u>	11,884,634	<u>28,793,666</u>	39,264,151
(2) Current Assets					
(a) Trade receivables	10	135,611,715		199,060,492	
(b) Cash and cash equivalents	11	190,717,903		281,803,873	
(c) Short term loans and advances	12	<u>189,765,745</u>		<u>199,224,105</u>	
			516,095,363		680,088,470
TOTAL			<u><u>527,979,997</u></u>	<u><u>719,352,621</u></u>	

Summary of Accounting Policies and other explanatory information 1-30

The notes attached form an integral part of the Balance Sheet

In Accordance with our Report attached

For and on behalf of Board of Directors

For B.K.RAMADHYANI & Co LLP,
Chartered Accountants
Firm Registration No. 0028785/S200021

Mohib N. Khericha
Director

R SATYANARAYANA MURTHI
Partner - M.No 024248

Nikhil Kumar
Managing Director

Place :Bangalore 8th Main, 15th Cross, Malleswaram,
Date : 18th May 2017 BANGALORE - 560 055.

B K RAMADHYANI & CO. LLP
CHARTERED ACCOUNTANTS
No. 68, #4-B, Chitrapur Bhavan,

Nmiek

Mohib N. Khericha

DF POWER SYSTEMS PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2017

Particulars	Note No.	Current Year		Previous Year	
		Rs.	Rs.	Rs.	Rs.
I. Revenue from Operations	14		17,245,549		230,802,281
II Other Income	15		12,491,227		23,758,590
III Total revenue (I + II)			29,736,776		254,560,871
IV Expenses					
Purchases for Project Business	16		18,372,450		269,925,479
Employee benefits expense	17		8,458,372		47,236,659
Finance costs	18		811,471		1,670,009
Depreciation and amortization expense (Net)	19		990,936		4,070,071
Other expenses	20		12,429,146		131,549,867
Total Expenses			41,062,375		454,452,085
V Profit before tax (III-IV)			(11,325,599)		(199,891,214)
VI Tax expense:					
(1) Current tax			-		-
(2) Deferred tax / (Credit)			(545,139)		3,114,392
VII Profit/(Loss) for the period from continuing operations (V-VI)			(545,139)		3,114,392
VIII Earning per equity share:					
(1) Basic	21		(1.80)		(33.83)
Summary of Accounting Policies and other explanatory information	1-30				

The notes attached form an integral part of the Statement of Profit and Loss

In Accordance with our Report attached

For and on behalf of Board of Directors

For B.K.RAMADHYANI & Co LLP.
Chartered Accountants
Firm Registration No. 0028785/S200021

Mohib N. Khericha
Mohib N. Khericha
Director

R Satyanarayana Murthi
R SATYANARAYANA MURTHI
Partner - M.No. 024248

Nikhil Kumar
Nikhil Kumar
Managing Director

B K RAMADHYANI & CO. LLP
CHARTERED ACCOUNTANTS
No. 63, # 4-B, Chitrapur Bhaven,
8th Main, 15th Cross, Malleswaram,
BANGALORE - 560 055.

Place : Bangalore
Date : 18th May 2017

D F POWER SYSTEMS PRIVATE LIMITED

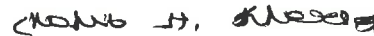
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

	Current Year - In Rs.		Previous Year - In Rs.	
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax and extraordinary items		(11,325,598)		(199,891,214)
Adjustments for				
Depreciation	990,936		4,070,071	
(Profit) / Loss on sale of property, plant and equipments	2,506,323		870,063	
Interest Income	(11,058,544)		(23,758,590)	
Provision for Gratuity & Leave Encashment	(911,294)		(14,042,603)	
		(8,472,579)		(32,861,059)
Operating profit before Working Capital Changes		(19,798,177)		(232,752,273)
Adjustments for				
Trade Receivables	63,448,777		272,659,520	
Other Receivables	9,458,360		(142,355,635)	
Future Contract	(10,936,130)		(111,694,563)	
Other Payables	(74,945,168)		36,490,833	
Trade Payables	(92,726,756)	(105,700,917)	(240,054,232)	(184,954,077)
Cash generated from Operations		(125,499,094)		(417,706,350)
Direct Taxes Paid	20,923,333	20,923,333	7,247,562	7,247,562
Net Cash Flow from Operating Activities		(104,575,761)		(410,458,788)
B Cash flow from Investing Activities				
Sale of Property, plant and equipments	2,431,247		3,375,000	
Interest Received	11,058,544		39,261,875	
Net Cash used in investing activities		13,489,791		42,636,875
C Cash flow from financing activities				
Working Capital borrowings	-		-	
Interest Paid	-		-	
Dividend and Tax on Dividend paid	-		-	
Net Cash flow from financing activities		-		-
Net increase/decrease in cash and cash equivalents		(91,085,970)		(367,821,913)
Cash and cash equivalents at the beginning		281,803,873		649,625,786
Cash and cash equivalents at close		190,717,903		281,803,873

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

As per our report of even date
For B.K.RAMADHYANI & Co LLP.
Chartered Accountants
Firm Registration No. 002878S/S200021

For and on behalf of Board of Directors



Mohib N Khericha
Director

R SATYANARAYANA MURTHI
Partner - M.No.024248

Nikhil Kumar
Managing Director



Bangalore
Date : 18th May 2017

B.K. RAMADHYANI & CO. LLP
CHARTERED ACCOUNTANTS
No. 68, # 4-B, Chitrapur Bhavan,
8th Main, 15th Cross, Malleswaram
BANGALORE - 560 055

1 SIGNIFICANT ACCOUNTING POLICIES.

1.1 Company overviews:

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

1.2 Basis of preparation of financial statements:

The financial statements of the Company have been prepared under historical cost convention, in accordance with the Generally Accepted Accounting Principles (GAAP) applicable in India and the provisions of the Companies Act, 2013. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent liabilities as at date of the financial statements, and the reported amounts of revenue and expenses during the reported period.

1.3 Revenue Recognition:

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

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

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

1.4 Property, plant and equipments:

All items of Property, plant and equipments are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of Property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying property, plant and equipments up to the date the asset is ready for its intended use.

Depreciation:

Depreciation is calculated over the estimated useful lives of the asset as prescribed in Schedule II to the Companies Act, 2013, or actual useful life of the asset, whichever is lower. Assets costing below Rs. 5,000/- are depreciated fully. Depreciation is charged for complete quarter on addition / deletion.

1.5 Foreign currency transactions:

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

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

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

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

1.6 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.

1.7 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.



1.8 Employees Benefits:

i. Short Term Employee Benefits:

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

ii. Long Term Employee Benefits:

a. Defined Contribution Plans:

The Company has contributed to provident 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 account as income or expense. Obligation is measured at present value of estimated future cash flows using a discounted rate that is determined by reference to market yields available of government bonds at the Balance Sheet date with the term that matches to the liabilities.

1.9 Impairment of assets:

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

1.10 Accounting for lease:

i. Operating Lease:

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

ii. Finance Lease and Hire purchase transactions:

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



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

2 SHARE CAPITAL:

Particulars	As at 31.03.2017		As at 31.03.2016	
	Number	Rs.	Number	Rs.
Authorized:				
Equity shares of Rs.10/- each	7,500,000	75,000,000	7,500,000	75,000,000
		<u>75,000,000</u>		<u>75,000,000</u>
Issued, subscribed and fully paid up:				
<i>Equity shares of Rs.10/- each</i>				
At the beginning of the reporting period	6,000,000	60,000,000	6,000,000	60,000,000
Issued during the reporting period	-	-	-	-
At the close of the reporting period	6,000,000	<u>60,000,000</u>	6,000,000	<u>60,000,000</u>
Total		<u>60,000,000</u>		<u>60,000,000</u>

Other Information:

- i 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.

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

ii Particulars of equity share holders holding more than 5% of the total number of equity share capital:	As at 31-03-2017		As at 31-03-2016	
	Percentage	No of shares	Percentage	No of shares
a. TD Power Systems Limited (Holding Company) (including beneficial interest relating to 2 equity shares of Rs.10/- each being 0.01% of capital held by 2 directors of the company)	100.00%	6,000,000	100.00%	6,000,000



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

3 RESERVES AND SURPLUS:

Particulars	As at 31.03.2017 Rs	As at 31.03.2016 Rs
General Reserve		
As per beginning of reporting year	206,450,180	206,450,180
Add:		
Transferred from Profit and Loss Account	-	-
As per the end of the reporting year	<u>206,450,180</u>	<u>206,450,180</u>
Surplus i.e. balance in Statement of Profit & Loss		
As per beginning of reporting year	(203,005,607)	-
Add:		
Transferred from Profit and Loss Account	(10,780,460)	(203,005,607)
As per the end of the reporting year	<u>(213,786,067)</u>	<u>(203,005,607)</u>
	<u>(7,335,887)</u>	<u>3,444,573</u>



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

Particulars	As at	As at
	31.03.2017	31.3.2016
	Rs.	Rs.
4 TRADE PAYABLES		
a) To Micro, Small and Medium Enterprises	2,404,273	2,204,997
b) Others	254,657,864	347,583,896
	257,062,137	349,788,893

Additional Information:

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

SI No.	Particulars	As at	As at
		31.03.2017	31.3.2016
		Rs.	Rs.
1	Principal amount due and remaining unpaid	2,404,273	2,204,997
2	Interest due on (1) above and the unpaid interest	811,471	198,929
3	Interest paid on all delayed payments under the MSMED Act	-	-
4	Payment made beyond the appointed day during the year	-	-
5	Interest due and payable for the period of delay other than (3) above	-	2,525,344
6	Interest accrued and remaining unpaid	811,471	2,724,273
7	Amount of further interest remaining due and payable in succeeding years	4,243,880	3,432,409

5 OTHER CURRENT LIABILITIES:

a) Outstanding Liabilities	61,414,890	166,849,599
b) Duties and taxes payable	265,981	412,819
c) Trade advance received from customers	53,369,144	23,805,584
d) Other liabilities	78,495	78,495
	115,128,510	191,146,497

6 SHORT TERM PROVISIONS:

a) Reserve for Future Contract	102,401,919	113,338,049
b) Employee benefits - Leave Encashment	723,318	1,634,609
	103,125,237	114,972,658



D F POWER SYSTEMS PRIVATE LIMITED
BANGALORE - 560 052

NOTE - 7: PROPERTY, PLANT AND EQUIPMENT

Particulars	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at 01-04-2016	Additions	Deletions	As at 31-03-2017	As at 01-04-2016	Depr for the Year	Depn written back	As at 31-03-2017	As at 31-03-2017	As at 31-3-2016
Computers & Printers	1,946,827	-	1,637,851	308,975	1,853,833	14,523	1,569,475	298,881	10,094	92,994
Software	3,880,075	-	3,880,075	-	3,553,191	132,881	3,686,072	-	-	326,884
Furniture & Fixtures	1,059,953	-	682,876	377,076	684,800	60,085	378,071	366,814	10,262	375,153
Motor Vehicles	2,168,646	-	1,085,790	1,082,855	1,348,499	300,890	774,983	874,406	208,449	820,147
Office Equipments	3,171,370	-	3,154,039	17,331	2,892,899	68,993	2,944,561	17,331	-	278,472
Plant & Machinery	9,825,750	-	6,616,948	3,208,802	2,382,143	413,564	1,694,036	1,101,671	2,107,131	7,443,607
Total	22,052,621	-	17,057,579	4,995,039	12,715,365	990,936	11,047,198	2,659,103	2,335,936	9,337,257
Previous Year	32,952,745	-	10,900,125	22,052,620	15,300,353	4,070,071	6,655,061	12,715,364	9,337,256	17,652,391

Note:

Depreciation is calculated on the basis of the estimated useful life of the asset as prescribed in Schedule II or actual useful life of the asset whichever is lower. The Life of assets followed by company is as follows:

Asset	Life (in Years)
Computers & Printers	3
Software	3
Furniture and fixtures	10
Motor Vehicles	8
Office equipment	5
Plant and Machinery	12



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

Particulars	As at	As at
	31.03.2017	31.03.2016
	Rs.	Rs.
8 NET DEFERRED TAX LIABILITY/(ASSET)		
i) Deferred tax liability:		
a) On account of depreciation on property, plant and equipment	(1,454,862)	(628,133)
b) On account of timing differences in recognition of expenditure	-	-
Total	<u>(1,454,862)</u>	<u>(628,133)</u>
ii) Deferred tax asset:		
a) On account of timing differences in recognition of expenditure (On leave encashment and estimated contract losses)	223,504	505,094
	<u>223,504</u>	<u>505,094</u>
	<u>(1,678,366)</u>	<u>(1,133,228)</u>



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

Particulars	As at	As at
	31.03.2017	31.03.2016
	Rs.	Rs.
9 LONG TERM LOANS AND ADVANCES:		
a) Advance Tax (net of provision)	7,870,332	28,793,666
	<u>7,870,332</u>	<u>28,793,666</u>
Additional information:		
Breakup of above:		
a) Unsecured, considered good	7,870,332	28,793,666
Total	<u>7,870,332</u>	<u>28,793,666</u>



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

Particulars	As at	As at
	31.03.2017	31.03.2016
	Rs.	Rs.
10 TRADE RECEIVABLES:		
a) Trade receivables exceeding six months	388,497,957	442,647,326
b) others	-	9,299,408
	388,497,957	451,946,734
Less: Provision for doubtful debts	252,886,242	252,886,242
	135,611,715	199,060,492
Additional information:		
Breakup of above:		
a) Secured, considered good	-	-
b) Unsecured, considered good	135,611,715	199,060,492
	135,611,715	199,060,492
11 CASH AND BANK BALANCES:		
a) Cash and cash equivalents:		
a) Balances with banks		
- on current accounts	121,288,494	32,286,573
b) Cash on hand	21,760	87,695
b) Other bank balances:		
a) Balances with banks		
- in margin money	-	100,000
- in deposit accounts exceeding 12 months maturity	-	35,717,695
- in deposit accounts exceeding 3 month but not exceeding 12 months	69,407,649	213,611,910
	190,717,903	281,803,873
12 SHORT TERM LOANS AND ADVANCES:		
a) Rent Deposit	-	115,000
b) Balance with Statutory/ Govt authorities	34,680,768	36,858,601
c) Prepaid Expenses	-	27,500
d) Trade Advance	3,529,119	10,360,597
e) Interest accrued on term deposits	1,399,267	1,411,829
f) Others	150,156,591	150,450,578
	189,765,745	199,224,105
Additional information:		
Breakup of above:		
a) Secured, considered good	-	-
b) Unsecured, considered good	189,765,745	199,224,103
	189,765,745	199,224,103



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

Particulars	As at	As at
	31.03.2017	31.03.2016
	Rs.	Rs.
13 CONTINGENT LIABILITIES AND COMMITMENTS: (to the extent not provided for)		
a) Contingent Liabilities:		
i) Guarantees	268,769,848	269,269,490
ii) Letters of credit	-	-

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



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

Particulars	As at	As at
	31.03.2017	31.03.2016
	Rs.	Rs.
14 REVENUE FROM OPERATIONS:		
a) Sale of Goods		
- Gross sales EPC Business	17,245,549	119,107,718
Reserv for Future Contract - Add / (Less)	-	111,694,563
	17,245,549	230,802,281
15 OTHER INCOME:		
a) Interest income on Bank Deposits	11,058,544	23,758,590
b) Exchange Flucutation (Net)	1,432,683	-
	12,491,227	23,758,590
16 Cost of materials consumed:		
a) Purchases for Projects Business	18,372,450	269,925,479
	18,372,450	269,925,479
17 EMPLOYEE BENEFIT EXPENSES:		
a) Salaries and wages	7,613,765	31,221,768
b) Contribution to provident and other funds	260,967	10,643,845
c) Staff welfare expenses	583,640	5,371,046
	8,458,372	47,236,659
18 Finance Costs:		
a) Interest expense	811,471	1,670,009
	811,471	1,670,009
19 DEPRECIATION AND AMORTIZATION:		
a) Depreciation	990,936	4,070,071
	990,936	4,070,071
20 OTHER EXPENSES:		
a) Power and fuel	23,266	562,575
b) Rent	238,000	7,055,340
c) Repairs and maintenance		
- Machinery	330,936	850,360
d) Insurance	33,050	192,918
e) Rates and taxes	49,426	111,015
f) Payment to the auditors		
- as Statutory auditor	325,000	325,000
- for taxation matters	160,000	160,000
- for other services - Ltd review	300,000	300,000
g) Selling expenses	32,190	49,422
h) Provision for doubtful trade receivables	-	100,000,000
i) Loss on sale of property, plant and equipment (net)	2,506,323	870,063
j) Legal and professional charges	2,405,161	5,973,240
k) Directors sitting fees	597,300	730,250
l) Travelling and Conveyance	3,216,419	7,489,741
m) Bank Charges	1,866,488	3,908,649
n) Postage, Telegrams and Telephones	97,825	892,374
o) Vehicle Maintenance	230,750	948,609
p) Printing & Stationary	17,012	203,170
q) Subscription to Technical Associations, Journals & Magazines	-	8,025
r) Exchange Flucutation (Net)	-	919,116
	12,429,146	131,549,867
Expenditure in foreign currency		
Expenditure in foreign currency excluding expenditure at branch office: (net of withholding tax)		
Others - On Payment Basis	-	189,886



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

Particulars	As at	As at
	31.03.2017	31.03.2016
	Rs.	Rs.
21 PROFIT FOR THE YEAR		
<i>After extraordinary item:</i>		
Profit/(Loss) for the year after tax expense	(10,780,459)	(203,005,606)
Preference dividend payable including dividend tax	-	-
	(10,780,459)	(203,005,606)
Weighted average number of equity shares	6,000,000	6,000,000
Earning per share	(1.80)	(33.83)



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

22 SEGMENT REPORTING:

(i) 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. Property, plant and equipments, 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 Hongkong. Revenues in the secondary segment are based on the sales made by the branch office. Property, plant and equipments, Current Assets including Cash and Bank accounts, and Current liabilities are identified to the branch office to which they relate and are reported accordingly.

	Particulars	Current year		
		Primary Segment EPC	Common	Total
1	Segment Revenues			
	External Revenues	17,245,549	-	17,245,549
	Total Revenues	17,245,549	-	17,245,549
2	Segment Results			
	Profit Before Taxation and Interest	(22,014,419)		(22,014,419)
	Less: Interest	811,471	-	811,471
	Less: Depreciation & Amortizations	990,936	-	990,936
	Total	(23,816,826)	-	(23,816,826)
3	Unallocable & Other Income (including Extraordinary items)		12,491,227	12,491,227
	Less: Tax		(545,139)	(545,139)
	Total Profit	(23,816,826)	13,036,366	(10,780,460)

	Particulars	Previous year		
		Primary Segment EPC	Common	Total
1	Segment Revenues			
	External Revenues	230,802,281	-	230,802,281
	Total Revenues	230,802,281	-	230,802,281
2	Segment Results			
	Profit Before Taxation and Interest	(217,909,725)	-	(217,909,725)
	Less: Interest	1,670,009	-	1,670,009
	Less: Depreciation & Amortizations	4,070,071	-	4,070,071
	Total	(223,649,805)	-	(223,649,805)
3	Unallocable & Other Income (including Extraordinary items)		23,758,590	23,758,590
	Less: Tax		3,114,392	3,114,392
	Total Profit	(223,649,805)	20,644,198	(203,005,607)



4	Segment Assets				
	Unallocable Assets	293,032,621	234,947,367	527,979,988	
	Previous Year (2015-2016)	370,763,255	348,589,367	719,352,622	
5	Segment Liabilities				
	Unallocable Liabilities	474,592,566	723,315	475,315,881	
	Previous Year (2015-2016)	654,273,438	1,634,609	655,908,047	
6	Capital Expenditure	(17,057,579)	-	(17,057,579)	
	Previous Year (2015-2016)	-	-	-	

(ii) Geographical Segment:

Particulars	Segment revenue by geographical Market (in Rs.)	
	Current Year	Previous Year
Sales of India	17,245,549	1,509,002,165
Sales of overseas	-	67,561,739
Less: Inter-segmental sales	-	-
Total	17,245,549	1,576,563,904

Carrying amounts of geographical assets & additions to tangible & intangible property, plant and equipments:

Particulars	Carrying amounts of segment assets (in Rupees)		Additions to property, plant and equipments (in Rupees)	
	Current Year	Previous Year	Current Year	Previous Year
Located in India	317,807,605	509,180,239	(17,057,579)	-
Located outside India	210,172,383	210,172,383	-	-
Total	527,979,988	719,352,622	(17,057,579)	-



DF POWER SYSTEMS PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS

Particulars	Current Year Rs.	Previous Year Rs.		
23 DISCLOSURES AS PER ACCOUNTING STANDARD 15 "EMPLOYEE BENEFITS":				
Defined Contribution Plan:				
Employer's Contribution to Provident Fund & Pension Scheme	260,967	1,871,421		
Defined Benefit Plan:				
The employees' gratuity fund scheme managed by a trust is a defined benefit plan. The Present value of obligation is determined based on actuarial valuation using the projected unit credit method.				
	Gratuity (Funded)	Leave (Unfunded)	Gratuity (Funded)	Leave (Unfunded)
1 Defined Benefit obligation at beginning of the reporting period	1,026,019	1,330,600	9,668,908	14,388,402
Current Service Cost	116,855	-	447,672	1,107,775
Interest Cost	82,082	-	148,895	285,871
Acquisition adjustment	-	(607,282)	(6,195,926)	(6,337,171)
Actuarial (gain)/ loss	2,509,047	-	84,623	658,147
Benefits Paid	(3,226,500)	-	(3,128,153)	(8,772,424)
Defined Benefit obligation at end of the reporting period	507,503	723,318	1,026,019	1,330,600
<i>Obligations at end of the period - Current</i>	<i>507,503</i>	<i>723,318</i>	<i>423,075</i>	<i>562,221</i>
<i>Obligations at end of the period - Non -Current</i>	<i>-</i>	<i>-</i>	<i>602,944</i>	<i>768,379</i>
<i>Reconciliation of opening and closing balance of fair value of plan assets:</i>				
2 Fair value of plan assets at beginning of the reporting period *	3,920,033	-	12,692,401	-
Acquisition adjustment	-	-	(6,195,926)	-
Expected return on plan assets	203,773	-	419,254	-
Employer Contribution	-	-	-	-
Benefits paid	(3,226,500)	-	(3,128,153)	-
Actuarial gain/(loss)	-	-	132,457	-
Fair value of plan assets at reporting period	897,306	-	3,920,033	-
3 <i>Reconciliation of fair value of assets and obligations:</i>				
Fair value of plan assets	897,306	-	3,920,033	-
Present value of obligation	(507,503)	(723,318)	(1,026,019)	(1,330,600)
Amount recognised in Balance Sheet under liabilities:	(389,803)		(2,894,014)	
4 <i>Expense recognised during the year:</i>				
Current Service Cost	116,855	-	447,672	1,107,775
Interest Cost	82,082	-	148,895	285,871
Expected return on plan assets	(203,773)	-	(419,254)	-
Actuarial (gain)/ loss	2,509,047	-	(47,834)	658,147
Net Cost	2,504,211	-	129,479	2,051,793
5 <i>Actuarial assumptions:</i>				
Mortality Table (LIC)	1994 – 96 (Ultimate)	1994 – 96 (Ultimate)	1994 – 96 (Ultimate)	1994 – 96 (Ultimate)
Discount rate (per annum)	7.80%	7.80%	7.80%	7.80%
Expected rate of return on plan assets (per annum)	8.50%	NA	8.50%	NA
Rate of escalation in salary (per annum)	7.00%	7.00%	7.00%	7.00%
Attrition Rate	3.00%	3.00%	3.00%	3.00%

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



DF POWER SYSTEMS PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS

24 RELATED PARTIES DISCLOSURE:

Sl. No.	Name of the related party	Relationship
1	T D Power Systems Limited	Holding Company
1 2 3	Nikhil Kumar Mohib Khericha B.C.Harish (up to 15.9.2015)	Key management personnel and their Relatives.

DETAILS OF TRANSACTIONS:

Sl. No.	Nature of transactions	Subsidiary	Key management personnel and their Relatives	Amount in Rupees	
				Enterprises over which key management personnel and their relatives are able to exercise significant influence	
1	Directors Sitting fees	Mohib Khericha		160,000 (200,000)	
2	Remuneration Paid	B C Harish		- (7,078,161)	
3	Rent Paid (including service tax)	TD Power Systems Limited		- (5,897,065)	
4	Guarantee deposit to Holding Company	TD Power Systems Limited		- (150,000,000)	
5	Management Services to (Employee cost reimbursement)	TD Power Systems Limited		- (5,512,403)	
6	Amount due to Company from T D Power Systems Limited.	TD Power Systems Limited		6,818,288 (6,966,056)	
7	Purchase of Materials	TD Power Systems Limited		- (10,053,638)	
8	Amount Due to TD Power Systems Limited	TD Power Systems Limited		- -	

25 OPERATING LEASES:

- (a) The Company has various operating leases for office facilities, guesthouse and residential premises of employees that are renewable on a periodic basis, and cancelable at its option. Rental expenses for operating leases included in the financial statements for the year are Rs. 238,000/- (Previous year Rs.70,55,340/-).

26

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

Particulars	Amount in Rupees	
	Compensated Leave Absence	
Balance outstanding at the beginning of the reporting period	1,634,609	
Provision for the reporting period	723,315	
Utilised during the reporting period	1,634,609	
withdrawn and credited to Profit and Loss Account	-	
Balance outstanding at the end of the reporting period	723,315	

27

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

Particulars	Amount in Rupees	
	As at 31-03-2017	As at 31-03-2016
Assets (Receivables)	-	-
Liabilities (payables)	130,926,744	133,764,228



DF POWER SYSTEMS PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS

28 THE DISCLOSURE AS PER REVISED AS-7 IN RESPECT OF CONTRACT IN PROGRESS AS ON 31-03-2017

Amount in Rupees

Sl. No.	Particulars	As at 31-03-2017	As at 31-03-2016
i)	Contract revenue	3,080,044,372	3,080,044,372
ii)	Cost incurred	3,635,364,100	3,581,911,742
iii)	Recognised profit (Less recognized losses)	555,319,728	(501,867,370)
iv)	Amount of advance received	18,994,427	23,805,584
v)	Amount of retentions (Deferred debts)	388,497,957	341,276,551
vi)	In respect of dues from customer after appropriate netting off		
	a) Gross amount due from customer for contract work as an asset	-	110,670,182
	b) Gross amount due to customer for contract work as liability	-	-
vii)	Contingencles	Nil	Nil

29 Disclosure of Specified Bank notes held and transacted during period from 8th November 2016 to 30th December 2016

Amount in Rs.

Particulars	Specified Bank Notes	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	62,000	573	62,573
ADD: Permitted receipts		254,220	254,220
LESS: Permitted payments		141,705	141,705
LESS: Amount deposited in Banks	62,000	-	62,000
Closing cash in hand as on 30.12.2016	-	113,088	113,088

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

