

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

Annual Report 2018

TD Power Systems Limited

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 – 562 111, India
Tel: + 91-80-2299 5700/6633 7700
Fax: + 91-80-7734 439/2299 5718

Unit 2

Survey No. 59/2, Yedehalli Village
Dabaspet, Nelamangala Taluk
Bengaluru Rural District
Bengaluru - 562 111, India

Japan Branch Office

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

Wholly Owned Subsidiaries

DF Power Systems Private Limited
TD Power Systems (USA) Inc.
TD Power Systems Japan Limited
TD Power Systems Europe GmbH
TD Power Systems Jenerator
Sanayi AS -Turkey

Bankers

Bank of Baroda
Standard Chartered Bank
ICICI Bank Limited

Auditors

Varma & Varma
Chartered Accountants
Bangalore – 560 043

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

Director

K. G. Prabhakar
(CFO upto June 28, 2018)

Independent Directors

Nitin Bagamane
Ravi Kanth Mantha
Prathiba Sastry
(from 27.09.2017)
Nandita Lakshmanan
(upto 10.08.2017)
Arjun Kalyanpur
(upto 10.01.2018)

Cheif Financial Officer

M. N. Varalakshmi
(from 01.07.2018)

Company Secretary

N. Srivatsa

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DIRECTORS' REPORT

Dear Members

Your Directors present the Nineteenth Annual Report (Boards' Report) together with the Audited Financial Statements of the Company (Company or TDPS) for the financial year ended March 31, 2018.

Financial Results

	For the year ended March 31, 2018 (Rs. in Lakhs)	For the year ended March 31, 2017 (Rs. in Lakhs)
Revenue from operations & other Income	45,173.17	41,776.88
Revenue from operations & other Income (net of excise duty)	44,884.19	38,740.20
Earnings before interest, tax, depreciation & amortization including other income and exceptional item	5,079.12	3,290.43
Finance cost	662.13	406.17
Depreciation & amortization	2,705.54	2,772.21
Profit before Tax (PBT) including exceptional item	1,711.45	112.05
Tax expense	472.16	71.90
Profit after Tax (PAT) including exceptional item	1,239.29	40.15
Other Comprehensive Income	10.22	(22.15)
Total Comprehensive Income including exceptional item	1,249.51	18.00

Note: The above figures are extracted from the standalone financial statement of the company

The total income is Rs.44,884.19 lakhs (net of excise duties) in Fiscal 2018 as compared to Rs.38,740.20 (net of duties) in Fiscal 2017 was higher by 16%. Net sales from manufacturing business was Rs.37,129.32 lakhs compared to Rs.30,914.56 lakhs in Fiscal 2017 contributing 82.72% of our Total Income in Fiscal 2018. Net sales from our Project Business was Rs.6,144.28 lakhs compared to Rs.6,031.46 Lakhs in Fiscal 2017 contributing 13.62% of our Total Income in Fiscal 2018.

Exports and deemed exports continued contribute 68% of manufacturing Revenue in Fiscal 2018 reflecting our focus on growing our overseas markets. Your company continues to add new customers in steam, gas turbine, hydro & diesel segments in Europe, Japan and India. A long term order in the traction segment has been concluded during the year for supply traction motor components to a Multinational company in India.

Earnings Before interest, tax, depreciation & amortization including other income and exceptional item (EBITDA) increased by Rs.1788.69 lakhs or 54.36% to Rs.5079.12 Lakhs in Fiscal 2018 as compared to Rs.3,290.43 Lakhs in Fiscal 2017. Profit before tax and exceptional item increased by Rs.1,599.40 Lakhs to Rs.1711.45 Lakhs in Fiscal 2018 from Rs.112.05 Lakhs in Fiscal 2017. Profit after tax including exceptional item increased by Rs.1199.14 Lakhs, to Rs.1239.29 Lakhs in Fiscal 2018 from Rs.40.15 Lakhs in Fiscal 2017. Total comprehensive income including exceptional item increased by Rs.1231.51 Lakhs in Fiscal 2018.

The pending orders as of March 31, 2018 are Rs.10,475.52 lakhs comprising of both manufacturing Rs.10,048.67 lakhs including order for railway business of Rs.7,495 Lakhs and project business of Rs.426.85 lakhs.

The net worth of the Company stands at Rs.48,676.55 lakhs with the accretion of Rs.529.44 lakhs to total reserves during the year.

No material changes & commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company to which these financial statements relate and the date of this report.

On consolidated basis, total income is Rs.45,075.95 lakhs (net of excise duties) in Fiscal 2018 as compared to Rs.40,014.81 (net of duties) in Fiscal 2017 was higher by 13%. Earnings Before interest, tax, depreciation & amortization including other income (EBITDA) decreased by Rs.417.36 lakhs to Rs.2,424.46 Lakhs in Fiscal 2018 as compared to Rs.2,841.82 Lakhs in Fiscal 2017. Loss before tax increased by Rs.594.37 Lakhs to Rs.952.39 Lakhs in Fiscal 2018 from Rs.358.02 Lakhs in Fiscal 2017. Loss after tax increased by Rs.999.80 Lakhs, to Rs.1,442.44 Lakhs in Fiscal 2018 from Rs.442.64 Lakhs in Fiscal 2017. Total comprehensive loss increased by Rs.973.15 Lakhs in Fiscal 2018.

Dividend

The Board has recommended a dividend of Rs.1.80 per equity share for the year ended March 31, 2018 as the same declared for the year ended March 31, 2017. This Dividend is subject to approval of the shareholders at the forthcoming Annual General Meeting (AGM). The dividends will entail a payout of Rs.720.07 lakhs including dividend distribution tax of Rs.121.80 lakhs.

DIRECTORS' REPORT (CONTD.)

Particulars of contracts or arrangements made with related parties

Your Company has formulated a policy on related party transactions which is available on Company's website www.tdps.co.in. Particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013, in the prescribed Form AOC-2, is appended as Annexure 3 the Boards' Report.

Management Discussion & Analysis

Pursuant to Regulation 34 read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter called as LODR / Listing Regulations) the Management Discussion & Analysis report covering operations, performance & outlook of the Company is attached as Annexure 9 to the Boards' Report.

Corporate Governance Report

In terms of Regulation 34 read with Schedule V of LODR, a Report on Corporate Governance along with Compliance Certificate issued by Practicing Company Secretary is attached as Annexure 10 and forms an integral part of this Report (hereinafter referred to as "Corporate Governance Report").

Note on Board evaluation, Board Diversity Policy, Training of independent directors - familiarization of directors, Whistle Blower policy / Vigil mechanism, Nomination and Remuneration policy form part of the Corporate Governance report.

Declaration by Independent Director

The Company has received necessary declaration from Independent Directors under Section 149 (7) of the Companies Act, 2013, that he/she meets the criteria of independence laid down in Section 149 (6) of the Companies Act, 2013 and Regulation 16 and other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR).

Policy on Directors' appointment and remuneration

The current policy is to have an appropriate mix of executive and independent directors to maintain the independence of the board and separate its functions of governance and management.

The policy of the Company on directors' appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of directors and other matters as required under Section 178(3) of the Companies Act, 2013 is available on the Company's website www.tdps.co.in. There has been no change in the policy since the last fiscal year. We affirm that, remuneration paid to the directors is as per the terms laid out in the Nomination and Remuneration policy of the Company.

Details of Policy on directors' appointment and remuneration form part of the Corporate Governance report - Annexure 10.

Subsidiaries

As on March 31, 2018, the Company has five (5) wholly owned subsidiaries - DF Power Systems Private Limited (an Indian Subsidiary), TD Power Systems (USA) Inc., in the United States of America, TD Power Systems Japan Limited, in Japan, TD Power Systems Europe GmbH in Germany & TD Power Systems Jenerator Sanayi Anonim Sirketi in Turkey. Each of the above subsidiaries is directly owned 100% by TD Power systems Limited.

During the year, the Board of Directors reviewed the affairs of the subsidiaries. In accordance with Section 129(3) of the Companies Act, 2013, read with Rule 8 of Companies (Accounts) Rules, 2014, the Company has prepared its consolidated financial statements including all the said subsidiaries which is forming part of this Report. Further, a statement containing the salient features of the financial statement of the said subsidiaries in Form AOC-1 is appended as Annexure 2 of the Boards' Report.

In accordance with Section 136 of the Companies Act, 2013, the audited financial statements, including the consolidated financial statements and related information of the Company and audited accounts of each of its subsidiaries, are available on our website www.tdps.co.in. These documents will also be available for inspection during business hours at our registered office in Bengaluru, India.

A review of the operations of the subsidiaries is as follows:

Indian Subsidiary

During the year ended March 31, 2018, DF Power Systems Private Limited did not conduct any activities except the residual activities in respect of completed projects in respect of EPC contracts undertaken by it. For the year ended March 31, 2018, this company incurred a loss of Rs.2,303.16 lakhs in the absence of operating revenue. Networth of the Company as at March 31, 2018 is negative, The Company is evaluating further business proposals to render engineering services to utilize the tax credits and is negotiating with trade creditors for settlement with remission/reduction in liability on account of product warranty on equipment supplied by them ,which will reduce the negative networkth.

US Subsidiary

The operations of this subsidiary have seen a revival during the year. The Marketing team has been strengthened resulting in improved market reach & increased orders. . The operations of this Company during the year under report have resulted in revenue of Rs.1,110 lakhs as compared to Rs.1,862 lakhs in Fiscal 2017. The loss before tax is Rs.217 lakhs in Fiscal 2018 as compared to Rs 95 lakhs in fiscal 2017.

Japan Subsidiary

Major activities of this subsidiary have been conducted through the Company's Branch office at Japan and accordingly there were no revenue in Fiscal 2018. Loss before tax is Rs.112 lakhs in Fiscal 2018 as compared to profit of Rs.4 lakhs in Fiscal 2017.

DIRECTORS' REPORT (CONTD.)

German Subsidiary

TDPS Europe has enhanced our market outreach in Europe improving access to European customers with potential to grow our order pipeline. Hydro has been the biggest contributor to the sales in 2017 - 18 with 85% of the total sales. New customers have been added in steam, hydro and gas segments. TDPS Europe continues to improve access to European customers with potential to grow our order pipeline. The revenue for the year 2017-18 is Rs. 2,571 lakhs as compared to Rs 162 lakhs in fiscal 2017. Loss before tax is Rs. 2.70 lakhs in Fiscal 2018 as compared to Rs. 281 lakhs in Fiscal 2017.

Turkey Subsidiary

TD Power Systems Generator Sanayi Anonim Sirketi was incorporated in Turkey in June 2017 to manufacture AC Generators for the Turkish market. Efforts are on to identify local partners and suppliers who will partner with the company in producing the Turkish made generators meeting the local content requirements. Certain orders are under negotiation & the company is well placed to bag these orders for delivery in March 2019. As of March 31, 2018 Rs 33 Lakhs has been invested as capital in the company to fund pre-operative expenses.

Internal Financial Control

The Company has designed and implemented a process driven framework for Internal Financial Controls ("IFC") within the meaning of the explanation to Section 134(5) (e) of the Companies Act, 2013. For the year ended March 31, 2018, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weakness exists. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and/or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

Directors' Responsibility Statement

Pursuant to clause (c) of sub section (3) of Section 134 of the Companies Act, 2013, with respect to the Directors' Responsibility Statement, it is hereby confirmed that

- a. In the preparation of the annual accounts for the financial year ended March 31, 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- c. The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for

- d. safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. The directors have prepared the annual accounts on a going concern basis;
- e. The directors, have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f. The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Board of Directors' & Key Managerial Personnel

Consequent on retirement from services of the Company, Mr K. G. Prabhakar ceased to be whole time Director from closing of business hours of June 27, 2018. As a non-whole time Director, he is liable to retire by rotation at the ensuing Annual General Meeting and being eligible seeks re-appointment. The Board recommends his re-appointment.

Ms. Prathibha Sastry was appointed as an Additional Director of the Company effective September 27, 2017, pursuant to the provisions of Section 161 of the Companies Act, 2013 and Article 134 of the Article of Association of the Company, to hold the office of director up to the date of this AGM i.e. September 26, 2018.

Pursuant to the recommendations of the Nomination & Remuneration Committee of the Board, Ms. Prathibha Sastry is to be appointed as Director of the Company pursuant to Section 152 of the Companies Act 2013, to hold office as an Independent Director in terms of Section 149(10) of the Companies Act, 2013 and rules made thereunder for a fixed initial term of five years up to September 26, 2022 (effective from September 27, 2017).

A brief resume and other details of Mr. K.G. Prabhakar, Ms. Prathibha Sastry, Mr. Nithin Bagamane and Ravi Kanth Mantha as required under the Listing Regulations, Companies Act, 2013 and Secretarial Standard form part of Corporate Governance Report/Notice of 19th AGM.

Ms. Nandita Lakshmanan and Mr. Arjun Kalyanpur, Independent Directors of the Company have resigned as directors with effect from August 10, 2017 and January 10, 2018 respectively due to professional pre-occupation. Your directors place on record their sincere appreciation of valuable service rendered by Ms. Nandita Lakshmanan and Mr. Arjun Kalyanpur during their tenure as directors of the Company.

Risk Management Policy

Pursuant to Section 134(n) of the Companies Act, 2013, a Risk Management Committee of the Board of Directors of the Company has been constituted. The details of the Committee and its terms of reference are set out in the corporate governance report forming part of this report.

DIRECTORS' REPORT (CONTD.)

While the Company has identified certain major risks and initiated appropriate measures to mitigate the said risks, steps to strengthen the risk management framework has been initiated.

Audit Report

- The Auditors' report for the fiscal 2018 does not contain any qualification, reservation or adverse remark. The Auditors' Report is enclosed with the financial statements in this Annual Report. During the year under review, the Auditors have not reported any fraud in terms of Section 143(12) of the Companies Act, 2013.
- The Secretarial Auditors' report for the fiscal 2018 does not contain any qualification, reservation or adverse remark. The Secretarial Auditors' Report is enclosed with Annexure 8 to the Board Report in this Annual Report.
- As provided in the Listing Regulations/LODR the certificate on corporate governance is enclosed to the Board's report. The said report does not contain any qualification, reservation or adverse remark.

Auditors

Statutory Auditors

M/s. Varma & Varma, Chartered Accountants (Firm Registration No:004532S) have been appointed as the Statutory Auditors of the Company for a period of five Years from the conclusion of the previous Annual General Meeting held on September 27, 2017 till the conclusion of the 23rd Annual General Meeting of the Company. The requirement of ratification of Statutory Auditors at every Annual General Meeting of the Company has been dispensed by the Companies Amendment Act 2017.

Secretarial Auditor

As required under Section 204 of the Companies Act, 2013

and Rules made thereunder, the Board has appointed Mr. Sudhir V Hulyalkar, Practicing Company Secretary, Bangalore, as the Secretarial Auditor for the Financial Year 2018-19.

Cost Auditor

In terms of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, M/s. Rao, Murthy & Associates, Cost Accountants, Bangalore have been appointed as Cost Auditors of the Company for the Financial Year 2018-19.

Disclosure

Extract of the Annual Return

In accordance with Section 134(3) (a) of the Companies Act, 2013, an extract of the Annual Return in the prescribed format is appended as Annexure 1 to the Boards' Report.

Number of Board Meetings

The Board met five times during the Financial Year 2017-18. The details of which are given in the Corporate Governance report that forms part of this Annual Report. The maximum gap between any two meetings did not exceed 120 days, as prescribed by the Companies Act, 2013.

Conservation of Energy, Research and Development, Technology Absorption, Foreign Exchange Earnings and Outgo

Information required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 for the financial year ended 31st March 2018 in relation to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is provided in the Annexure 4 forming an integral part of this Board Report.

Particulars of Loans, Guarantees or Investments

Loans and investments covered under Section 186 of the Companies Act, 2013 during the financial year 2017-18 are as follows

Nature of Transaction	Date of Board Resolution/ Transaction	Name of the person to whom it is made	Amount	Purpose
Loan	06/08/2015 13/04/2017 03/08/2017	TD Power Systems (USA) Inc.	USD 1,00,000 USD 2,00,000	Working Capital
Loan Capital	02/02/2017 27/04/2017 03/08/2017 05/09/2017	TD Power Systems Europe GmbH	Euro 1,00,000 Euro 1,00,000 Euro 2,00,000	Working Capital
Capital	18/05/2017 15/06/2017 10/08/2017 25/10/2017 31/01/2018	TD Power Systems Jenerator Sanayi Anonim Sirketi	USD 3,700 USD 10,650 USD 25,000 USD 12,000	Establishment of the company & operating expenses

DIRECTORS' REPORT (CONTD.)

Particulars of employees

The ratio of the remuneration of each whole-time Director and Key Managerial Personnel (KMP) to the median of employees' remuneration as per the provisions of Section 197(12) of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is appended as Annexure 5 to this Board Report.

Additionally, the following details form part of Annexure 6 to the Boards' report

- Details of employees in receipt of a remuneration of Rs. 1.02 crore or more per year
- Statement containing the name of top 10 employees in terms of remuneration drawn

None of the employees is in receipt of a remuneration of Rs.8.5 lakhs or more a month for part of the year.

None of the employees employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company.

Committees of the Board

According to the Companies Act, 2013 and SEBI LODR the Board has five (5) Committees as on March 31, 2018 i.e. Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee. The detailed note on composition of the Board and its committees is disclosed in the Report on Corporate Governance forming part of this report.

Corporate Social Responsibility Committee

The Board has a Corporate Social Responsibility (CSR) Committee which ascertains the activity to be undertaken by the Company. The details of Composition of CSR Committee, terms of reference and annual report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 has been appended as Annexure 7 and forms an integral part of this Report.

Your Company's Corporate Social Responsibility Policy (CSR Policy) is available on the website of the Company at www.tdps.co.in.

General

Your Directors state as follows

1. No significant or material orders were passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.
2. There was no issue of equity shares with differential rights, as to voting, dividend or otherwise.
3. There was no issue of shares including as sweat equity shares or employee stock options.
4. There were no deposits covered under Chapter V of the Companies Act, 2013.
5. No money has been provided by the Company for purchase of its own shares by employees or by trustees for the benefit of employees.
6. No subsidiaries have paid remuneration to Managing Director.
7. The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. During the year under review there were no cases filed pursuant to the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013.

Green Initiative

Electronic copies of the Annual Report 2017-18 and the Notice of the 19th Annual General Meeting will be sent to all members whose email addresses are registered with the Company/Depository Participants. For members who have not registered their email addresses, physical copies are sent in the permitted mode.

Acknowledgement

Your Directors place on record their appreciation of the contribution and support of the employees at all levels. They also place on record their appreciation of the continued support and faith extended during the year by the Company's customers, suppliers, bankers and shareholders.

For and on behalf of the Board of Directors

Bangalore
May 23, 2018

Mohib N. Khericha
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE - 1

FORM NO. MGT-9

Extract of Annual Return

As on the Financial Year ended on 31.03.2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i.	CIN	L31103KA1999PLC025071
ii.	Registration Date	16/04/1999
iii.	Name of the Company	TD Power Systems Limited
iv.	Category/ Sub Category of the Company	Public Company (Limited by Shares)
v.	Address of the Registered office and contact details	# 27, 28 & 29, KIADB Industrial Area, Dabaspet Nelamangala Taluk, Bangalore - 562111 srivatsa.n@tdps.co.in Ph: 080-2299 5700
vi.	Whether listed Company	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent	Link In time India Private Limited C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083 Tel No: +91 22 49186000

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Sl. No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the Company
1.	Manufacturers of AC Generators	31103	82.72
2.	Manufacture of Electric Motors	31103	Nil

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Companies for which information is being filled - 5 (five)

Sl. No.	Name of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	DF Power Systems Private Limited	U51505KA2007 PTC041717	Subsidiary-Indian	100%	Section 2(87)(ii)
2.	TD Power Systems (USA) Inc.	NA	Subsidiary-USA	100%	Section 2(87)(ii)
3.	TD Power Systems Japan Limited	NA	Subsidiary-Japan	100%	Section 2(87)(ii)
4.	TD Power Systems Europe, GmbH	NA	Subsidiary-Germany	100%	Section 2(87)(ii)
5.	TD Power Systems Jenerator Sanayi Anonim Sirketi	NA	Subsidiary-Turkey	100%	Section 2(87)(ii)

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Shareholding

Category of Shareholders	Shareholding at the beginning of the year (April 1, 2017)				Shareholding at the end of the year (March 31, 2018)				% Change during year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Shareholding of Promoter and Promoter Group									
1. Indian									
a. Individuals / HUF	8369624	0	8369624	25.1812	8369624	0	8369624	25.1812	0.0000
b. Central Government / State Government(s)	0	0	0	0.0000	0	0	0	0	0.0000
c. Financial Institutions / Banks	0	0	0	0.0000	0	0	0	0	0.0000
d. Any Other (Specify)									
Persons Acting In Concert	1334252	0	1334252	4.0143	1334252	0	1334252	4.0143	0.0000
Bodies Corporate	5026433	0	5026433	15.1227	5026433	0	5026433	15.1227	0.0000
Sub -Total (A) (1)	14730309	0	14730309	44.3182	14730309	0	14730309	44.3182	0.0000
2. Foreign									
a. Individuals (Non-Resident Individuals/ Foreign Individuals)	3235254	0	3235254	9.7337	3235254	0	3235254	9.7337	0.0000
b. Government	0	0	0	0.0000	0	0	0	0.0000	0.0000
c. Institutions	0	0	0	0.0000	0	0	0	0.0000	0.0000
d. Foreign Portfolio Investor	0	0	0	0.0000	0	0	0	0.0000	0.0000
e. Any Other (Specify)									
Sub -Total (A) (2)	3235254	0	3235254	9.7337	3235254	0	3235254	9.7337	0.0000
Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A) (2)	17965563	0	17965563	54.0519	17965563	0	17965563	54.0519	0.0000
B. Public Shareholding									
1. Institutions									
a. Mutual Funds / UTI	6737168	0	6737168	20.2697	6639379	0	3369379	19.9755	-0.2942
b. Venture Capital Funds	0	0	0	0.0000	0	0	0	0	0.0000
c. Alternate Investment Funds	0	0	0	0.0000	120000	0	120000	0.3610	0.3610
d. Foreign Venture Capital Investors	0	0	0	0.0000	0	0	0	0	0.0000
e. Foreign Portfolio Investor	1716795	0	1716795	5.1652	2042862	0	2042862	6.1462	0.9810
f. Financial Institutions / Banks	10489	0	10489	0.0316	39603	0	39603	0.1192	0.0876
g. Insurance Companies	0	0	0	0.0000	0	0	0	0	0.0000
h. Provident Funds / Pension Funds	0	0	0	0.0000	0	0	0	0	0.0000
i. Any Other (Specify)									
Sub Total (B) (1)	8464452	0	8464452	25.4665	8841844	0	8841844	26.6019	1.1354

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

Shareholding Pattern (contd.)

Category of Shareholders	Shareholding at the beginning of the year (April 1, 2017)				Shareholding at the end of the year (March 31, 2018)				% Change during year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
2. Central Government/ State Government(s)/ President of India	0	0	0	0	0	0	0	0	0
Sub Total (B)(2)	0	0	0	0.0000	0	0	0	0	0
3. Non-Institutions									
a. Individuals									
i. Individual shareholders holding nominal share capital upto Rs. 1 lakh.	2045705	2	2045707	6.1548	2517810	2	2517812	7.5752	1.4204
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	1040469	0	1040469	3.1304	1674056	0	1674056	5.0366	1.9062
b. NBFCs registered with RBI	0	0	0	0.0000	0	0	0	0.0000	0.0000
c. Employee Trusts	0	0	0	0.0000	0	0	0	0.0000	0.0000
d. Overseas Depositories (holding DRs) (balancing figure)	0	0	0	0.0000	0	0	0	0.0000	0.0000
e. Any Other (Specify)									
Trusts	0	0	0	0.0000	1000	0	1000	0.0030	0.0030
Hindu Undivided Family	219633	0	219633	0.6608	217130	0	217130	0.6533	-0.0075
Foreign Companies	876270	0	876270	2.6364	812218	0	812218	2.4437	-0.1927
Non Resident Indians (Non Repat)	29706	0	29706	0.0894	32342	0	32342	0.0973	0.0079
Non Resident Indians (Repat)	270330	0	270330	0.8133	114061	0	114061	0.3432	-0.4701
Clearing Member	518989	0	518989	1.5615	207801	0	207801	0.6252	-0.9363
Bodies Corporate	1806469	0	1806469	5.4350	852161	0	852161	2.5638	-2.8712
Sub Total (B) (3)	6807571	2	6807573	20.4815	6430179	2	6430181	19.3461	-1.1354
Total Public Shareholding (B) = (B)(1) + (B)(2) + (B)(3)	15272023	2	15272 025	45.9481	15272023	2	15272025	45.9481	0.0000
Total (A)+(B)	33237586	2	33237588	100.0000	33237586	2	33237588	100.0000	0.0000
c. Non Promoter -Non Public									
1. Custodian/DR Holder	0	0	0	0.0000	0	0	0	0.0000	0.0000
2. Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	0	0	0	0.0000	0	0	0	0.0000	0.0000
Total (A) + (B) + (C)	33237586	2	33237588	100.0000	33237586	2	33237588	100.0000	

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

Shareholding Pattern (contd.)

ii. Shareholding of Promoters and Promoters Group

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year - 2017			Shareholding at the end of the year - 2018			% change in the shareholding during the year
		No of shares held	% of the shares of the company	% of shares pledged/ encumbered to total shares	No of shares held	% of the shares of the company	% of shares pledged/ encumbered to total shares	
1.	Saphire Finman Services LLP.	5026433	15.1227	0.0000	5026433	15.1227	0.0000	0.0000
2.	Nikhil Kumar	4638664	13.9561	0.0000	4638664	13.9561	0.0000	0.0000
3.	Hitoshi Matsuo	3235254	9.7337	0.0000	3235254	9.7337	0.0000	0.0000
4.	Sofia M. Khericha	200000	0.6017	0.0000	200000	0.6017	0.0000	0.0000
5.	Mohib N. Khericha	3730960	11.2251	0.0000	3730960	11.2251	0.0000	0.0000
6.	Chartered Capital & Investment Ltd.	1134252	3.4126	0.0000	1134252	3.4126	0.0000	0.0000
	Total	17965563	54.0519	0.0000	17965563	54.0519	0.0000	0.0000

iii. Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (April 1, 2017)		Cumulative Shareholding during the year 2017-2018	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Saphire Finman LLP				
	At the beginning of the year	5026433	15.12%	5026433	15.12%
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	0	0	0	0
	At the end of the year	5026433	15.12%		
2.	Nikhil Kumar				
	At the beginning of the year	4638664	13.96%	4638664	13.96%
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	0	0	0	0
	At the end of the year	4638664	13.96%		

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

Shareholding Pattern (contd.)

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (April 1, 2017)		Cumulative Shareholding during the year 2017-2018	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
3.	Hitoshi Matsuo				
	At the beginning of year	3235254	9.73%	3235254	9.73%
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	0	0	0	0
	At the end of the year	3235254	9.73%		
4.	Mohib N. Khericha				
	At the beginning of year	3730960	11.23%	3730960	11.23%
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the end of the year	3730960	11.23%		

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name & Type of Transaction	Shareholding at the beginning of the year (April 1, 2017)		Transactions during the year		Cumulative Shareholding during year 2017- 2018	
		No.of shares held	% of total shares of the company	Date of transaction	No. of shares	No of shares held	% of total shares of the company
1.	Reliance Capital Trustee Co . Ltd-A/C Reliancesmall Cap Fund	1876873	5.6468			1876873	5.6468
	Decrease – Sale			12 May 2017	(20000)	1856873	5.5867
	Decrease – Sale			19 May 2017	(231000)	1625873	4.8917
	Decrease – Sale			26 May 2017	(13500)	1612373	4.8511
	Decrease – Sale			21 Jul 2017	(20500)	1591873	4.7894
	Increase – Purchase			06 Oct 2017	14482	1606355	4.8329
	Increase – Purchase			20 Oct 2017	21500	1627855	4.8976
	Increase – Purchase			27 Oct 2017	137720	1765575	5.3120

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

Shareholding Pattern (contd.)

Sl. No.	Name & Type of Transaction	Shareholding at the beginning of the year (April 1, 2017)		Transactions during the year		Cumulative Shareholding at the end of the year - 2018	
		No. of shares held	% of total shares of the company	Date of transaction	No. of shares	No of shares held	% of total shares of the company
	Reliance Capital Trustee Co. (Contd.)						
	Increase – Purchase			03 Nov 2017	46745	1812320	5.4526
	Increase – Purchase			10 Nov 2017	5025	1817345	5.4677
	Increase – Purchase			26 Jan 2018	76488	1893833	5.6979
	Increase – Purchase			02 Feb 2018	1882	1895715	5.7035
	Increase – Purchase			09 Feb 2018	221395	2117110	6.3696
	Increase – Purchase			16 Feb 2018	234279	2351389	7.0745
	Increase – Purchase			23 Feb 2018	45086	2396475	7.2101
	Increase – Purchase			09 Mar 2018	103525	2500000	7.5216
	Increase – Purchase			23 Mar 2018	450000	2950000	8.8755
	At the end of the year					2950000	8.8755
2.	ICICI Prudential Business Cycle	1668784	5.0208			1668784	5.0208
	Decrease – Sale			07 Apr 2017	(209918)	1458866	4.3892
	Decrease – Sale			14 Apr 2017	(8012)	1450854	4.3651
	Decrease – Sale			26 May 2017	(23343)	1427511	4.2949
	Decrease – Sale			09 Jun 2017	(8687)	1418824	4.2687
	Decrease – Sale			16 Jun 2017	(9667)	1409157	4.2396
	Decrease – Sale			23 Jun 2017	(170550)	1238607	3.7265
	Decrease – Sale			30 Jun 2017	(18566)	1220041	3.6707
	Decrease – Sale			07 Jul 2017	(182020)	1038021	3.1230
	Decrease – Sale			16 Feb 2018	(60000)	978021	2.9425
	Decrease – Sale			02 Mar 2018	(21744)	956277	2.8771
	Decrease – Sale			09 Mar 2018	(198241)	758036	2.2807
	Decrease – Sale			16 Mar 2018	(92041)	665995	2.0037
	Decrease – Sale			23 Mar 2018	(39711)	626284	1.8843
	At the end of the year					626284	1.8843
3.	IDFC Sterling Equity Fund	1498020	4.5070			1498020	4.5070
	Decrease – Sale			07 Apr 2017	(82400)	1415620	4.2591
	Decrease – Sale			14 Apr 2017	(17228)	1398392	4.2073
	Decrease – Sale			21 Apr 2017	(52621)	1345771	4.0489
	Decrease – Sale			5 May 2017	(10288)	1335483	4.0180
	Decrease – Sale			12 May 2017	(69712)	1265771	3.8083
	Decrease – Sale			19 May 2017	(23595)	1242176	3.7373
	Decrease – Sale			26 May 2017	(186030)	1056146	3.1776
	Decrease – Sale			02 Jun 2017	(75000)	981146	2.9519
	Decrease – Sale			09 Jun 2017	(61899)	919247	2.7657
	Decrease – Sale			16 Jun 2017	(38101)	881146	2.6511

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

Shareholding Pattern (contd.)

Sl. No.	Name & Type of Transaction	Shareholding at the beginning of the year (April 1, 2017)		Transactions during the year		Cumulative Shareholding at the end of the year - 2018	
		No. of shares held	% of total shares of the company	Date of transaction	No. of shares	No of shares held	% of total shares of the company
	IDFC Sterling Equity Fund (Contd.)						
	Decrease – Sale			14 Jul 2017	(13979)	867167	2.6090
	Decrease – Sale			21 Jul 2017	(19289)	847878	2.5510
	Decrease – Sale			28 Jul 2017	(54795)	793083	2.3861
	Decrease – Sale			04 Aug 2017	(11937)	781146	2.3502
	Decrease – Sale			18 Aug 2017	(33317)	747829	2.2499
	Decrease – Sale			17 Nov 2017	(6683)	741146	2.2298
	Decrease – Sale			16 Feb 2018	(60000)	681146	2.0493
	Increase – Purchase			23 Mar 2018	38854	720000	2.1662
	At the end of the year					720000	2.1662
4.	Sundaram Mutual Fund A/C Sundaram Smile Fund	1244109	3.7431			1244109	3.7431
	Increase – Purchase			07 Apr 2017	77750	1321859	3.9770
	Decrease – Sale			14 Apr 2017	(45511)	1276348	3.8401
	Decrease – Sale			21 Apr 2017	(21000)	1255348	3.7769
	Decrease – Sale			26 May 2017	(14715)	1240633	3.7326
	Increase – Purchase			02 Jun 2017	163479	1404112	4.2245
	Increase – Purchase			09 Jun 2017	19984	1424096	4.2846
	Increase – Purchase			16 Jun 2017	39703	1463799	4.4040
	Increase – Purchase			23 Jun 2017	23649	1487448	4.4752
	Increase – Purchase			07 Jul 2017	773	1488221	4.4775
	Increase – Purchase			21 Jul 2017	50000	1538221	4.6280
	Increase – Purchase			28 Jul 2017	75000	1613221	4.8536
	Increase – Purchase			18 Aug 2017	257000	1870221	5.6268
	Increase – Purchase			17 Nov 2017	15234	1885455	5.6727
	Increase – Purchase			22 Dec 2017	22263	1907718	5.7396
	Increase – Purchase			29 Dec 2017	20000	1927718	5.7998
	Increase – Purchase			05 Jan 2018	20000	1947718	5.8600
	Increase – Purchase			12 Jan 2018	9844	1957562	5.8896
	At the end of the year					1957562	5.8896
5.	INDIA value fund IV	1218971	3.6674			1218971	3.6674
	At the end of the year					1218971	3.6674
6.	Chartered Capital & Investments Ltd	1134252	3.4126			1134252	3.4126
	At the end of the year					1134252	3.4126

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

Shareholding Pattern (contd.)

Sl. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2017		Transactions during the year		Cumulative Shareholding at the end of the year - 2018	
		No. of shares held	% of total shares of the company	Date of transaction	No. of shares	No of shares held	% of total shares of the company
7.	Toyo Denki Seizo Kk	876270	2.6364			876270	2.6364
	Decrease – Sale			16 Feb 2018	(1000)	875270	2.6334
	Decrease – Sale			31 Mar 2018	(63052)	812218	2.4437
	At the end of the year					812218	2.4437
8.	Baring India Private Equity Fund III Listed Investments Limited	805778	2.3282			805778	2.4243
	At the end of the year					805778	2.4243
9.	Ontario Teachers' Pension Plan Board Managed By Arohi Asset Management Pte Ltd-NP9Q	388957	1.1702			388957	1.1702
	Decrease – Sale			07 Apr 2017	(67000)	321957	0.9687
	Decrease – Sale			21 Apr 2017	(9274)	312683	0.9408
	Decrease – Sale			28 Apr 2017	(9461)	303222	0.9123
	Decrease – Sale			19 May 2017	(20619)	282603	0.8503
	Decrease – Sale			26 May 2017	(13041)	269562	0.8110
	Decrease – Sale			09 Jun 2017	(27033)	242529	0.7297
	Decrease – Sale			07 Jul 2017	(17837)	224692	0.6760
	Decrease – Sale			14 Jul 2017	(2808)	221884	0.6676
	Decrease – Sale			04 Aug 2017	(1428)	220456	0.6633
	Decrease – Sale			11 Aug 2017	(102643)	117813	0.3545
	Decrease – Sale			18 Aug 2017	(117813)	0	0.0000
	At the end of the year					0	0.0000
	10.			Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Infrastructure Fund	268000	0.8063	
Decrease – Sale		13 Oct 2017	(5243)	262757			0.7905
Decrease – Sale		09 Feb 2018	(77000)	185757			0.5589
At the end of the year				185757			0.5589
11.	Arohi Asset Management Pte Ltd. A/C Arohi Emerging Asia Master Fund	257610	0.7751			257610	0.7751
	Decrease – Sale			14 Apr 2017	(1476)	256134	0.7706
	Decrease – Sale			21 Apr 2017	(17571)	238563	0.7178
	Decrease – Sale			28 Apr 2017	(7219)	231344	0.6960
	Decrease – Sale			19 May 2017	(16744)	214600	0.6457
	Decrease – Sale			26 May 2017	(10198)	204402	0.6150

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

Shareholding Pattern (contd.)

Sl. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2017		Transactions during the year		Cumulative Shareholding at the end of the year - 2018	
		No. of shares held	% of total shares of the company	Date of transaction	No. of shares	No of shares held	% of total shares of the company
	Decrease – Sale			09 Jun 2017	(21467)	182935	0.5504
	Decrease – Sale			07 Jul 2017	(13846)	169089	0.5087
	Decrease – Sale			04 Aug 2017	(1428)	167661	0.5044
	Decrease – Sale			11 Aug 2017	(78443)	89218	0.2684
				18 Aug 2017	(89218)	0	0.0000
	At the end of the year					0	0.0000
12.	SOFIA M KHERICHA	200000	0.6017			200000	0.6017
	At the end of the year					200000	0.6017

- Note: 1. Paid up Share Capital of the Company (Face Value Rs. 10.00) at the end of the year is 33237588 Shares.
 2. The details of holding has been clubbed based on PAN.
 3. % of total Shares of the Company is based on the paid up Capital of the Company at the end of the Year.

v. Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (April 1, 2017)		Cumulative Shareholding during the year 2017-2018	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Nikhil Kumar				
	At the beginning of year	4638664	13.96%	4638664	13.96%
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	0	0	0	0
	At the end of the year	4638664	13.96%		
2.	Mohib N. Khericha				
	At the beginning of year	3730960	11.23%	3730960	11.23%
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	0	0	0	0
	At the end of the year	3730960	11.23%		
3.	Nithin Bagamane				
	At the beginning of year	0	0	0	0
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	0	0	0	0
	At the end of the year	0	0		

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

Shareholding Pattern (contd.)

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (April 1, 2017)		Cumulative Shareholding during the year 2017-2018	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
4.	Ravi Kanth Mantha				
	At the beginning of year	0	0	0	0
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	0	0	0	0
	At the end of the year	0	0		
5.	Prathibha Sastry				
	At the beginning of year	0	0	0	0
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	0	0	0	0
	At the End of the year	0	0	0	0
6.	K G Prabhakar				
	At the beginning of year	4500	0.01%	4500	0.01%
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/transfer/ bonus/sweat equity etc):	0	0	0	0
	At the end of the year	4500	0.01%		
7.	N. Srivatsa				
	At the beginning of year	75	0.00%	75	0.0%
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/sweat equity etc):	50	0.00%	125	0.00%
	At the end of the year	125	0.00%		

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ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Sl. No.	Particulars	Secured Loans excluding deposits (Rs.)	Unsecured Loans (Rs.)	Deposits (Rs.)	Total Indebtedness (Rs.)
A.	Indebtedness at the beginning of the financial year (01.04.2017)				
	i Principal Amount	453,428,002	-	-	453,428,002
	ii Interest due but not paid**	-	-	-	-
	iii Interest accrued but not due**	-	-	-	-
	Total (i+ii+iii)	453,428,002	-	-	453,428,002
B.	Change in Indebtedness during the financial year				
	i Addition	232,598,239	-	-	232,598,239
	ii Reduction	-	-	-	-
	Net Change	232,598,239	-	-	232,598,239
C.	Indebtedness at the end of the financial year (31.03.2018)				
	i Principal Amount	686,026,241	-	-	686,026,241
	ii Interest due but not paid**	-	-	-	-
	iii Interest accrued but not due**	-	-	-	-
	Total (i+ii+iii)	686,026,241	-	-	686,026,241
** Since indebtedness is in respect of a working capital facility, Interest for the period is paid at the end of the period. Thus, neither "Interest due but not paid" nor "Interest accrued but not due" arise.					

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Director and/or Manager:

Sl. No.	Particulars of Remuneration	Nikhil Kumar Managing Director (Amount in Rs. p.a.)	K G Prabhakar Director & CFO (Amount in Rs. p.a.)	Total (Rs.)
1.	Gross salary			
	a. Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	30,247,400*	5,528,748	35,776,148
	b. Value of perquisites u/s 17(2) of the Income-tax Act, 1961	Nil	Nil	Nil
	c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission - as % of profit - others, specify	Nil	Nil	Nil
5.	Others, (contribution to PF)	2,108,304	402,552	2,510,856
	Others, (contribution to PF of FY 2016-17)	964,284	Nil	964,284
	Total (A)	33,319,988	5,931,300	39,251,288
	Ceiling as per the Act*	24,000,000	24,000,000	
*The actual remuneration paid to the Managing Director for FY 2017-18 is Rs.20,497,400 excluding contribution to provident fund. Salary of Rs.30,247,400 includes Rs.9,750,000 relating to FY 2016-17 paid in FY 2017-18 post shareholders' approval				

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

B. Remuneration to other directors

Amount in Rs.

Sl. No.	Particulars of Remuneration	Non-Executive Non Independent Director	Independent Director				Total
			Mr. Mohib N Khericha	Mr. Nithin Bagamane	Mr. Ravi K Mantha	Ms. Prathibha Sastry	
1.	Directors Fee for attending board / committee meetings	220,000	200,000	160,000	80,000	60,000	720,000
2.	Commission Others, please specify	-	-	-	-	-	-
	Total (B)	220,000	200,000	160,000	80,000	60,000	720,000
	Overall Ceiling as per the Act						NA
	Total Managerial Remuneration(A+B)						39,957,098

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	
		Company Secretary N. Srivatsa (Rs. p.a)	Chief Finance Officer K. G. Prabhakar (Rs. p.a)
1.	Gross salary		
	a. Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4,675,666	5,528,748
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission - as % of profit - others, specify.	-	-
5.	Others, (contribution to PF)	313,848	402,552
	Total	4,989,514	59,31,300

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

Company / Directors/ Other Officers in Default	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT /COURT]	Appeal made, if any (give Details)
Penalty, Punishment & Compounding	Nil	Nil	Nil	Nil	Nil

For and on behalf of the Board of Directors

Bangalore
May 23, 2018

Mohib N. Khericha Chairman	K. G. Prabhakar Director & CFO	Nikhil Kumar Managing Director	N. Srivatsa Company Secretary
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ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

ANNEXURE - 2

FORM AOC - I

Statement containing the salient features of the Financial Statements of Subsidiaries / Associate Companies / Joint Ventures

[Pursuant to first proviso to Sub-section (3) of Section 129 of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014]

Part "A": Subsidiaries

Amount in ₹ Lakhs

Name of the Subsidiary	DF Power Systems Pvt. Ltd.	TD Power Systems (USA) Inc.	TD Power Systems Japan Ltd.	TD Power Systems Europe GmbH	TD Power Systems Jenerator Sanayi Anonim Sirketi
The date since when subsidiary was acquired / Incorporated	22/09/2008	20/02/2013	19/03/2013	13/01/2016	21/06/2017
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA	NA	NA	NA	31st December *
Reporting Currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	USD	JPY	EURO	Turkish Lira
Share Capital	600	482	122	414	33
Reserves and Surplus	(2,376)	(1,185)	155	(302)	(28)
Total Assets	917	708	352	1,252	6
Total Liabilities	917	708	352	1,252	6
Investments	0	0	0	0	0
Turnover	0	1,110	0	2,571	0
Profit/(Loss) before taxation	(2,286)	(217)	(111)	(3)	(27)
Provision for taxation	(17)	0	(1)	0	0
Profit/(Loss) after taxation	(2,303)	(217)	(112)	(3)	(27)
Proposed Dividend	Nil	Nil	Nil	Nil	Nil
Extent of shareholding (in percentage)	100	100	100	100	100

* Consolidation has been done as of 31st March in line with holding company's reporting period.

Note

1. Names of subsidiaries which are yet to commence operations & liquidated or sold during the year: Nil

Part "B": Associates and Joint Ventures - The Company has no Associates and Joint Ventures and thus details related thereto do not arise.

For and on behalf of the Board of Directors

Mohib N. Khericha
Chairman

Nikhil Kumar
Managing Director

K. G. Prabhakar
Director & CFO

N. Srivatsa
Company Secretary

Bangalore
May 23, 2018

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

ANNEXURE - 3

FORM AOC - II

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014).

Details of contracts or arrangements or transactions not at arm's length basis:

a.	Name(s) of the related party and nature of relationship	TD Power Systems (USA) Inc. Wholly owned subsidiary	TD Power Systems Japan Ltd.	TD Power Systems Europe GmbH
b.	Nature of contracts /arrangements/ transactions	Sale and purchase transactions	Sale and purchase transactions	Sale and purchase transactions
c.	**Duration of the contracts arrangements/transactions	Rs.11,00,00,000	Rs.Nil	Rs.24,00,00,000
d.	Salient terms of the contracts or arrangements or transactions including the value, if any:	Payment terms: not exceeding 180 days Advance against PO-Back to back basis with subsidiary company terms. Advance /Performance guarantee- Back to back with subsidiary company terms.	Payment terms: not exceeding 180 days Advance against PO-Back to back basis with subsidiary company terms. Advance /Performance guarantee- Back to back with subsidiary company terms.	Payment terms: not exceeding 180 days Advance against PO-Back to back basis with subsidiary company terms. Advance /Performance guarantee- Back to back with subsidiary company terms.
e.	Date(s) of approval by the Board, if any:	February 2, 2017	February 02, 2017	February 02, 2017
f.	Amount paid as advances, if any	Nil	Nil	Nil

** These contracts are limited by value of transactions and have no duration.

Details of material contracts or arrangement or transactions at arm's length basis for the year ended March 31, 2018 as follows:

a.	Name(s) of the related party and nature of relationship	Ravindu Motors Private Limited	Trident Automobiles Private Ltd. Trident Auto Enterprises Private Ltd. Trident Auto Private Ltd.
b.	Nature of contracts/arrangements/ transactions	Purchase, Sale and service of cars From May 18, 2017 to March 31, 2018	Purchase, Sale and service of cars From May 18, 2017 to March 31, 2018
c.	Duration of the contracts arrangements/transactions	May 18, 2017 to March 31, 2018	May 18, 2017 to March 31, 2018
d.	Salient terms of the contracts or arrangements or transactions including the value, if any:	From May 18, 2017 to March 31, 2018. - Rs.248,308 (Rupees Two lakhs forty eight thousand three hundred and eight only)	From May 18, 2017 to March 31, 2018. -Rs.30,040 (Rupees Thirty thousand forty only)
e.	Date(s) of approval by the Board, if any	May 18, 2017	May 18, 2017
f.	Amount paid as advances, if any:	As may be charged by Ravindu to its customers in general	As may be charged by Trident to its customers in general

For and on behalf of the Board of Directors

Mohib N. Khericha
Chairman

Nikhil Kumar
Managing Director

K. G. Prabhakar
Director & CFO

N. Srivatsa
Company Secretary

Bangalore
May 23, 2018

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

ANNEXURE - 4

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

[Section 134(3) (m) of The Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014]

A.	Conservation of Energy	
	Steps taken or impact on conservation of energy	<p>BESCOM Contract demand reduced by 50% for U1 & U2. GVPI-curing ovens, heater rating reduced to 180 KW, from 210 KW. & 150 KW, from 168 KW. Total 48 KW per hour. LED lights changed for coil tapping area. Micamation m/c-Rotor pole coil-two pole coils is pressed at a time instead of one coil. Fluorescent tubes have been replaced with LED tube lights in administration block. Kaeser screw compressor installed in the place of old TC200 compressor - Unit 1. The power saving annually Rs.2,30,400. ROI is 4 years.2017-18. (Input power is less and water pump & drier eliminated.)</p> <p>In unit 2 LED high bay fittings are planned and will be commissioned in August 2017.</p> <p>LED high bay fittings replaced in the place of HPSV lamps. Total savings per year Rs.3,30,000. ROI in 30 months, Unit -2, 2017-18.</p>
	Steps taken by the company for utilizing alternate sources of energy	Substantial savings in power costs expected. Proposed solar /wind power purchase is expected to be executed 2018-19.
	Capital investment on energy conservation equipments	Nil
B.	Technology Absorption	
1.	Efforts made towards technology absorption	<p>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. Optimization of frame to meet the stringent specification requirements of Weight, Efficiency, Reactance's, Grid code and overall size reduction. Analytical and FEA methods are used to verify the stability and performance during design stage.</p> <p>Foray into cost-saving and environment conscious projects based on wind energy and Geothermal energy continued to be made.</p> <p>Judicious use of available Epoxy Resin+ Hardner impregnating mix in different plants (3 in number) by inter-transfers, while maintaining stringent quality control, has yielded considerable cost saving.</p> <p>Absorption of technology for generators used for various applications and large generators is in progress.</p>
2.	Benefits derived like product improvement, cost reduction, product development or import substitution	<p>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.</p> <p>Weight reduction achieved due to reduction in Core length and endshield optimization. Achieved significant cost reduction per machine. Standardization of plate thicknesses and configurations have yielded ready to use parts at a short period of time. Shaft forgings are standardised for certain segment to augment the shorter delivery requirements</p> <p>To meet the competitive price, design optimized and frame size reduced. Achieved significant cost reduction per machine. Developed mid size vertical generators for Hydro market for niche customers</p>

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

3.	In case of imported technology (imported during the last three years reckoned from the beginning of the FY),	Design and manufacturing technology in respect of steam and hydro and new generation type generators. There has been continuous drive towards conserving natural resources by optimising the material content like steel, copper, mica products, lubrication oil by way of reducing the consumption, bearing size reductions, insulation material optimisation thereby improving the efficiency of the machine.
	a. Technology Imported	
	b. Year of Import	2008/2011/2013
	c. Whether the 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. Machines with International Certifications and stringent customer specifications developed.
	d. If not fully absorbed, areas where this has not taken place, reasons thereof	The technology imported is being absorbed backed by training and development which is a gradual process due to high quality and precision requirements.
4.	Expenditure incurred on Research and Development	(Rs. in lakhs)
	a. Capital	-
	b. Recurring	589.01
	c. Total	589.01
	d. Total R&D expenditure as a percentage of turnover	1.36%
C.	Foreign Exchange Earnings and Outgo	
	Earnings in foreign Exchange [Value of Exports on FOB basis]	Rs.14,841 Lakhs
	Foreign Exchange outgo (Expenditure in foreign currency)	Rs.694.37 Lakhs

Bangalore
May 23, 2018

For and on behalf of the Board of Directors

Mohib N. Khericha
Chairman

Nikhil Kumar
Managing Director

K. G. Prabhakar
Director & CFO

N. Srivatsa
Company Secretary

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

ANNEXURE - 5

Details of Ratio of Remuneration of Director [Section 197(12), of the Companies Act, 2013, read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014]

i.	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year	Name of the Director	Ratio to the Median
		Mr. Nikhil Kumar - Managing Director	7.66
		Mr. K. G. Prabhakar - Director & CFO	1.36
ii.	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.	Name of the Director	% Increase
		Mr. Nikhil Kumar - Managing Director	Nil
		Mr. K G Prabhakar - Director & CFO	4%
		Mr. N Srivatsa -Company Secretary	4%
iii.	The percentage increase in the median remuneration of employees in the financial year	8%	
iv.	The number of permanent employees on the rolls of Company	602	
v.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	The Average percentile increase in the salaries of employees during 2017-18 was about 8%. The increase in managerial remuneration was lower than the said percentile increase.	
vi.	Affirmation that the remuneration is as per the remuneration policy of the company	Yes	

For and on behalf of the Board of Directors

Mohib N. Khericha
Chairman

Nikhil Kumar
Managing Director

K. G. Prabhakar
Director & CFO

N. Srivatsa
Company Secretary

Bangalore
May 23, 2018

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

ANNEXURE - 6

Information in terms of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

A. Except Managing Director, there are no employees in receipt of remuneration of Rs.1.02 crore or more per annum.

B. The top 10 employees in terms of remuneration drawn are:

Sl. No.	Name	Designation	Educational qualifications	Experience (in year)	Remuneration in fiscal 2018 (Rs. pa)	Previous employment and designation
1	Nikhil Kumar	Managing Director	Bachelor of Engineering	27 Yrs	Rs.33,319,988/-	Kirloskar Electric Company Limited
2	K G Prabhakar	Director & CFO	FCA	36 Yrs	Rs.5,931,300/-	Kirloskar Electric Company Limited
3	Manjunath S V	Head TDPS HR & TDPS Turkey	MBA	36 Yrs	Rs.5,108,616/-	Kirloskar Electric Company Limited
4	Srivatsa N	Company Secretary	FCS	36 Yrs	Rs.4,989,514/-	Kingfisher Airlines Limited
5	Prabhamani S	General Manager - ACG Engineering	M. Tech	34 Yrs	Rs.4,000,980/-	Kirloskar Electric Company Limited
6	Ramakrishna Varna	Head - SBU 2	BE, MBA	25 Yrs	Rs.3,881,150/-	Kirloskar Electric Company Limited
7	Vinay Hegde	Head - Marketing	BE	24 Yrs	Rs.3,871,638/-	Cummins Generator Technologies Limited
8	Ravishankar H R	Sr. Manager - ACG Service	BE	35 Yrs	Rs.3,671,238/-	DF Power Systems Private Limited
9	Udaya Kumar	Head- Sourcing and commercial	BE, MBA	28 Yrs	Rs.3,383,042/-	Kirloskar Electric Company Limited
10	M N Varalakshmi	Head - Corp. Finance	ICWA	25 Yrs	Rs.3,313,166/-	Kirloskar Electric Company Limited

For and on behalf of the Board of Directors

Mohib N. Khericha
Chairman

Nikhil Kumar
Managing Director

K. G. Prabhakar
Director & CFO

N. Srivatsa
Company Secretary

Bangalore
May 23, 2018

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

ANNEXURE - 7

Annual Report of Corporate Social Responsibility Activities (CSR) & CSR Policy

[Pursuant to Section 135 of the Companies Act, 2013]

1. Composition of the CSR Committee

In accordance with Section 135 of the Companies Act, 2013 and the Rules pertaining thereto, a committee of the Board known as 'Corporate Social Responsibility Committee (CSR Committee)' has been constituted comprising of the following members:

Name	Category	Description
Mr. Ravi Kanth Mantha	Independent Director	Chairman
Mr. Nithin Bagamane	Independent Director	Member
Mr. Nikhil Kumar	Managing Director	Member
Ms. Prathibha Sastry	Independent Director	Member

2. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or Programme are as follows:

The CSR Policy is to focus in areas such as Environment (Waste-to-energy processes, greening of the environment), Water (Revival of water bodies, groundwater recharge, storm water management, water supply) Sanitation (access to toilets for all, treatment of wastewater, reuse of treated water) and Solid Waste Management (Reduce, reuse, recycle) with a five year road map.

The CSR committee formulated this CSR policy and the proposed activities under the said policy are as specified by Schedule VII of the Companies Act, 2013. The Board of Directors of the Company, after taking into account the recommendations of the CSR Committee has approved this CSR Policy for the Company. As required under Section 135(4) of the Companies Act, 2013, this policy is uploaded on the Company's website www.tdps.co.in

In keeping with our core belief that, that tangible and accelerated social benefit will be derived, if the Company focuses its CSR activities in one geographical area / location and we continue to focus our CSR initiatives in a project relating to integrated water & sanitation management in Tymagondalu Village, Nelamangala Tq, Bangalore Rural District.

In addition to restoration of a water body which was in a decrepit state aiding augmentation of ground and surface water, a significant area of public space was cleared, tree plantation undertaken and developed with seating arrangements helping citizens to use the public space. A citizen's participatory action was initiated to free certain public space which was encroached which resulted in clearing the encroachment. The citizens contributed for the legal costs affirming their commitment to resist and clear encroachments. Recharge of bore wells is on an ongoing initiative

The pilot project for the Solid Waste Management (SWM) program commenced with house to house campaign in 2 wards, which was extended to 2 more wards taking the wards covered by this program to 4. Citizens acceptance and participation in this program has grown significantly with micro level segregation of dry waste by households. An abandoned Gram panchayat building has been renovated to house the Dry waste collection & segregation center.

Clearing of major & minor storm water drains (SWM) was completed spearheaded by citizen awareness and participation. In this clearing certain vendors who had set up their shops by encroaching the SWM are proposed to be rehabilitated for which the local APMC has indicated a fund sanction which will be used to reconstruct the old market place.

As part of sanitation, a project to build a community toilet which was initiated in the previous year was completed and dedicated to the people with arrangement for the maintenance of the same. Allocation of one acre land for treatment of waste which was initiated last year is expected shortly. An in-depth school sanitation audit was conducted based on which a pilot project to revive the existing toilets in one school has been initiated. This initiative is proposed to be extended in other schools with support of Government funding.

An important objective of our CSR initiative is emphasis on Institutional capacity building information & educational campaigns and Government engagement. Effective Citizen Monitoring Groups such as Grama Neeru Mattu Nairmalya Samithi to monitor village water bodies & waste management & ward level task forces to ensure waste segregation and disposal have been put in place with citizen participation. Swach Mitra Group has been formed. These groups are encouraged to have regular monthly review meetings. These groups are provided with complaint registration & redressal cell. As part of information and education programs, training sessions are held in waste segregation, jathas and awareness campaigns are held in schools and neighborhoods to spread awareness about sanitation and health. As a part of engagement with the government, we engage important stake holders including representatives of the Swach Bharat Mission, Rural development & child welfare departments & education department. The above initiatives are directed towards building a local eco system which will eventually take ownership of the programs and make it sustainable.

3. Average net profit of the Company for last three financial years, as per Section 198 of Companies Act, 2013:

The average net profit of the Company for the last three financial years is Rs.1354.03 Lakhs.

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

4. Prescribed CSR expenditure (two per cent of the amount as in item 3 above):

Rs.27.08 lakhs (2% of Rs.1354.03 lakhs)

5. Details of CSR spent during the financial year 2017-18

a. Total amount to be spent for the financial year: Rs.56.40 lakhs (including amount unspent as on 2016-17)

b. Amount unspent, if any: Nil

c. Manner in which the amount spent during the financial year

Amount in ₹ Lakhs

Sl. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs 1. Local area or other 2. Specify the state and district where projects or programs undertaken	Amount outlay (budget) project or Programme wise (Rs.)	Amount spent on the projects or programs 1. Direct expenditure 2. Overhead (Rs.)	Cumulative expenditure up to the reporting period (Rs.)	Amount spent direct or through implementing agency
1.	Integrated water & Sanitation management	Health care, sanitation & safe drinking water (i) of Schedule VII	Local area of Tymagondalu in Nelamangala taluk, Bangalore Rural District	56.40 (Budget including amount unspent as on 2016-17)	61.50	178.77	Implementing agency
2.	Akshaya Patra	Eradication of hunger and malnutrition (i) of Schedule VII	Bangalore City	-	3.00	3.00	Direct

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report:

Not applicable

7. A responsibility statement of the CSR committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company:

The CSR committee confirms that the implementation and monitoring of the CSR policy, is in compliance with the CSR objectives and policy of the Company.

Bangalore
May 23, 2018

Nikhil Kumar
Managing Director

Ravi Kanth Mantha
Chairperson - CSR Committee

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

ANNEXURE - 8

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

The Members,

TD Power Systems Limited

Regd. Office: # 27, 28 & 29,
KIADB Industrial Area Dabaspet,
Nelamangala Taluk, Bangalore-562111

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by TD POWER SYSTEMS LIMITED (hereinafter called the Company). Secretarial Audit was in a conducted manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2018, complied with the statutory provisions listed hereunder and also that the company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by TD Power Systems Limited ("the Company") for the financial year ended on March 31, 2018 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI')
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, (No instances for compliance requirements during the year);
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, (No instances for compliance requirements during the year);
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, (No instances for compliance requirements during the year);

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, (No instances for compliance requirements during the year);
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998, (No instances for compliance requirements during the year); and
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- vi. Legal Metrology Act, 2009;
- vii. The Environment (Protection) Act, 1986;
- viii. The Water (Prevention & Control of Pollution) Act, 1974;
- ix. The Air (Prevention & Control of Pollution) Act, 1981;
- x. All other Labour, Employee and Industrial Laws to the extent applicable to the Company;

I have also examined compliance with the applicable clauses of Secretarial Standards issued by the Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above wherever applicable.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with provisions of the Act.

Adequate notice is given to all Directors to schedule the Board meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

The decisions carried through are recorded in the minutes. I did not find any dissenting views recorded in the minutes. It was informed to me that, in absence of any such dissenting views it was not required to record any such views in the minutes.

I further report that there are adequate systems and processes in the company commensurate with size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period there were no specific actions having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

Bangalore
May 23, 2018

Sudhir Vishnupant Hulyalkar
Company Secretary in Practice

FCS No. 6040
C P No. : 6137

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

ANNEXURE - 9

MANAGEMENT DISCUSSION AND ANALYSIS

While India continued to be the fastest growing major economy in the world in Fiscal 2018, its economic growth is estimated to have slowed to 6.6% from 7.9% in Fiscal 2017. However, private sector spending & investment in infrastructure reflected signs of revival. The all-time low order inflow in the domestic market witnessed in Fiscal 2017 indicated that the markets were had bottomed out and revival in Fiscal 2018 was imminent. True to expectations domestic market showed signs of revival with active and steady inflow of orders in fiscal 2018.

We continued to be 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 up to 35 MW for hydro and up to 20 MW diesel and gas engines and customized rating for wind turbines, catering to both conventional and renewable fuel based power plants. The manufacturing order inflow in Fiscal 2018 was Rs.11,417.87 lakhs (including Rs.7,495 lakhs for railway business) as compared to Rs.3,551.84 lakhs in Fiscal 2017. Domestic market contributed 39% in Fiscal 2018 & 27% in Fiscal 2017 and exports (including deemed exports) contributed 61% in Fiscal 2018 & 73% in Fiscal 2017 reflecting our continuing focus on overseas market. As of March 31, 2018 (Fiscal 2018) 3,734 generators with an aggregate output capacity of over 27,100 MW have been supplied to over 80 countries.

Steam, Hydro and Gas application generators contributed 37%, 38% & 19% respectively of the revenue for Fiscal 2018. There was significant growth in the hydro generators segment in Fiscal 2018 over Fiscal 2017. Top 10 customers contributing to 59% of Fiscal 2018 revenues.

During Fiscal 2018, we added new customers in steam, gas diesel and hydro segments. As a part of increasing our enlistment as preferred vendor, we have undergone audits by overseas OEMS for supply of wind, steam, gas & traction generators.

On standalone basis, Net sales from manufacturing business was higher at Rs.37,129.32 lakhs compared to Rs.30,914.56 lakhs in Fiscal 2017 contributing 82.72% and 79.80% of our Total Income in Fiscal 2018 and 2017 respectively.

The Company's ability to diversify its product portfolio and its consistent focus on overseas markets has enabled the company to sustain revenues and partially offset the limited domestic market. Our overseas markets will continue to drive our revenues both in the medium and long-term.

Net sale from the Project Business undertaken by the Japan Branch was Rs.6,144.28 lakhs compared to Rs.6,031.46 Lakhs in Fiscal 2017. This contributed 13.62% and 15.57% of our Total Income in Fiscal 2018 and 2017, respectively.

The pending orders as of March 31, 2018 are Rs.10,475.52 lakhs comprising of both manufacturing (Rs.10,048.67 lakhs) and project business (Rs.426.85 lakhs).

The performance of the overseas subsidiaries is as stated in the Director's Report.

While Fiscal 2018 witnessed a healthy growth in the top line, the company incurred significant increases in raw material costs despite hedging. Currency volatility including a weak Euro for 8 months last year affected margins reducing gross contribution.

Earnings before interest, tax, depreciation & amortization including other income and exceptional item (EBITDA) increased by Rs.1788.69 lakhs or 54.36% to Rs.5079.12 lakhs in Fiscal 2018 as compared to Rs.3,290.43 lakhs in Fiscal 2017.

Profit before tax and exceptional item increased by Rs.1,599.40 lakhs to Rs.1711.45 lakhs in Fiscal 2018 from Rs.112.05 lakhs in Fiscal 2017.

Profit after tax including exceptional item increased by Rs.1199.14 lakhs, to Rs.1239.29 lakhs in Fiscal 2018 from Rs.40.15 lakhs in Fiscal 2017. The total comprehensive income including exceptional item increased by Rs.1231.51 lakhs in Fiscal 2018.

On consolidated basis, total income is Rs.45,075.95 lakhs (net of excise duties) in Fiscal 2018 as compared to Rs.40,014.81 lakhs (net of duties) in Fiscal 2017 was higher by 13%.

Earnings before interest, tax, depreciation & amortization including other income (EBITDA) decreased by Rs.417.36 lakhs to Rs.2,424.46 lakhs in Fiscal 2018 as compared to Rs.2,841.82 lakhs in Fiscal 2017. Loss before tax increased by Rs.594.37 lakhs to Rs.952.39 lakhs in Fiscal 2018 from Rs.358.02 lakhs in Fiscal 2017. Loss after tax increased by Rs.999.80 lakhs to Rs.1,442.44 lakhs in Fiscal 2018 from Rs.442.64 lakhs in Fiscal 2017. Total comprehensive loss increased by Rs.973.15 lakhs in Fiscal 2018.

Outlook

In Fiscal 19, a benign environment for the exchange rates but a challenging environment for raw material costs is expected. Price revisions wherever possible are being actively pursued. In addition our push for cost reductions is ongoing but will give limited benefits.

Steam, Hydro & Gas Engine generators will continue to be our mainstay to drive revenues for Fiscal 2019. In the Steam segment we expect an increased order inflow and pipeline. The domestic market has picked up significantly and for the first time active and steady inflow of orders are in sight. On the export front, credibility & acceptability of the Company's product has improved and the results of our focus on overseas markets are yielding benefits. We have received orders for 2 generators of 43 MW each & 2 generators of 50MW (1) and 30 MW (1) respectively for installation in two major West European countries. All projects are Waste to energy (WTE) projects. There are a few more large orders

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

and TDPS is well placed to secure all major orders in WTE in Western Europe.

In the Hydro segment, due to delays in order finalizations of three large projects all of which are assured orders for TDPS from our major turbine partner, an overall dip is expected in Fiscal19. There is a strong pipeline of inquiries and orders for FY2020 and the company will be able to show good execution for FY 20 in the Hydro Segment. However in FY 19, an excellent pipeline of business from Norway will help us to dominate the market in Norway for small hydro generators.

In the Gas Engine segment, while Fiscal 2019 started with big growth indications, the numbers have been tempered due to the announcement of intention of sale of our major customer. A double digit growth is now expected to be reduced to a high single digit growth. The long term business in this segment is still secure but growth, while positive, may remain subdued until next year.

In the wind segment, current the pending order for delivery this year is 100 MW. While our turbine customer has approximately 300 MW in the pipeline of secured business, execution for the next 300 MW is going slower than expected due to financial closure reasons. It is expected that execution of this 300 MW will take place in the next two years (Fiscal 20 and Fiscal 21) and TDPS is well placed to play a dominant part in this.

In Fiscal 2018, the Company received an order of about Rs.750 crores from a large European multinational company (MNC) in India for manufacture & supply of certain components (Product) of traction motors to be supplied over 10 years starting from 2018. TDPS is on track to deliver the contracted units in Fiscal 2019 and on track to achieve around Rs.30 Cr of deliveries next year.

Our initiative for expanding presence in Turkey with a project to supply generators made in Turkey meeting certain local content requirements is progressing well. Certain orders are under negotiations & the company is well placed to bag these orders for delivery in March 2019.

While we are well placed to capitalize on any upswing in domestic demand as well as overseas markets, Exports will continue to be our focus area in Fiscal 2018. We also continue to focus on building our existing portfolio of generators for other applications.

We are confident of achieving sustainable growth, considering improvement in the domestic market, results of our overseas efforts, our diversified portfolio of applications and world class manufacturing facility.

The Company continues to remain debt free & maintains a healthy cash position.

Risk Management and Mitigation

The Company's business relates to manufacture and sale of generators falling under capital goods sector and is dependent on country's economic growth, investment

climate and business confidence as well as the sectors where in the Company's products are used.

The focus on exports and ongoing association with leading global leaders has enabled the Company to reduce dependence on the domestic market and accordingly, percentage exports (including deemed exports) in turnover during the year stands at 68% of manufacturing revenues.

Some of the major risks being faced by the Company are described herein below:

Economic slowdown and market concentration

A conducive investment climate and interest rate regime, lobar economic and market conditions drive growth and performance of the industrial sector which forms the Company's customer base. An economic slowdown directly impacts the demand for capital goods, including the products of the Company.

Further, over dependence on any market/s may adversely affect the performance of the Company, if the concerned market gets sluggish due to factors stated above. In order to reduce dependence on the domestic market, the Company focused on marketing its products in the global market and developed certain strategic partnerships and technology agreements. On the back of such initiatives, the contribution of exports to the total turnover has significantly grown and provided sustainability to our revenues. In fact, we are gradually moving towards a dominant player in certain verticals in the overseas market. We have consistently grown our export base, by adding new OEM's within existing verticals, increase market share in existing verticals through better pricing, customization etc. and diversifying into/ introducing new product verticals. The Company continues to direct significant resources establishing a global footprint to mitigate the risk of over dependence on certain countries/ regions.

Technology and Product concentration

Steam turbine generators continue to be a major contributor of our standalone net sales year on year. 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.

The continuing efforts to diversify offerings in product verticals 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 reducing dependence on any particular industry or market segment. Even though Steam generators accounted for a significant portion of the revenues, the contribution of hydro, gas and other applications is consistently growing de risking the products mix.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

Technology Risk

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.

The Company operates in the engineered-to-order capital goods industry where product efficiency, critical product features and overall life cycle costs play an important role.

The company designs generators on the basis of customer requirements/specifications. The Company's team is engaged continuously in design and development of generators meeting customer requirements from time to time. It is an ongoing activity of the design group to develop generators for special applications.

Technology absorption continues and orders are being received for generators with special applications and varied specifications. As a part of the technology agreements, the Company receives updation of technology and processes continuously from licensors.

Competition Risk

Given the significant exposure to overseas OEM'S, the Company faces competition from large corporations in Europe, America and in South East. These large corporations have access & derive significant benefit of advanced technologies, greater global reach, & larger financial resources enabling them to sell products at prices lower than the Company's, which may have an adverse effect on the Company's market share and results of operations. This may compel the Company to quote aggressively impacting its margins.

With a view to mitigate this risk, the Company continues to provide value proposition to customer with products which meet the benchmark efficiencies at a competitive price and shorter delivery time. 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.

Risk arising from transnational sale of products

In view of export of product to several countries in various continents, there is a risk of various types of claims from customers towards under performance of product and third party claims if the laws of that country are not fully conformed to.

The Company has strict quality control procedures which ensure that all the products supplied to the customers must meet the contractual parameters. It is ensured that the contracts with customers clearly specify the obligations of

the Company. In addition, the Company takes appropriate contractually insurance policies to cover all such risks.

Manufacturing facilities, Design & Development

We have 2 manufacturing units, all located at Bangalore equipped with advanced automation/ machines which help in delivering quality products at competitive prices. One of the facilities is a dedicated large generator manufacturing unit with state of the art machines and equipment. All the manufacturing units are ISO 9001:2008 compliant.

The Company's R&D facility which is approved by the Department of Scientific Industrial Research, GOI focuses on adoption of new technology and development of superior designs enhancing performance, quality and reducing costs. The Company's team is engaged continuously in design and development of generators meeting customer requirements from time to time. Projects to develop generators for Special application and for design modification and enhancement are ongoing. Our generators are approved by reputed and leading engineering consultants.

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, supported by Management reviews. All audit observations and follow up actions thereon are initiated for resolution by the finance function and reported to the Audit Committee. Attention is also drawn to the statement on internal financial control in the Directors report.

Environment, Health and Safety

As a leading Generator Manufacturer the Company conducts all its operations in a manner that is protective of the environment, health and safety of employees, customers, suppliers and the community in large and is a zero discharge facility. In fulfilling this commitment, we maintain and continually improve all our process and complying with legal and other requirements, in order to

- Ensure safety and Health of our employees, associated stakeholders and focus on how to make the world a better place to live.
- Comply with all applicable legal Safety and Health performance of individuals at different levels while considering their career advancement in the organization.
- Enhance Safety, Health & Environment (SHE) awareness amongst employees and associated stakeholders through effective communication and training.
- Ensure SHE responsibility amongst all the employees in their practices, promote and value their involvement in achieving the goals of this policy.
- Fix responsibility of SHE policy and procedures on the

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

contractors, Sub-Contractors, Transporters and all other agencies operating with the Company.

- Integrate Health & Safety in all decision-making processes of the company including those dealings with purchase of plant equipment, machinery & materials as well as selection and placement of personnel.

Adopt all the relevant techniques & methods such as risk assessment and safety audits at appropriate intervals of time to assess the status on Quality, Environment and Health & Safety and take relevant remedial measures to overcome problems encountered.

The Company's environmental, occupational health and safety management systems fulfill ISO 14001-2004 and OSHAS 18001- 2007 requirements.

Human Resources

Continuous skill development and enhancement is important for the Company with its focus on export markets. The Company recognizes that its workforce is critical to the Company's success and therefore, is committed to training, skilling and up skilling it/s work force on an ongoing basis which ensures that its work force is able to adopt evolving technologies, processes and techniques. 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. During the year, about 53 mans hours per employee was dedicated for training. Employee relations continue to remain peaceful and cordial. As on March 31, 2018, the total strength of employees stood at 602. A new wage agreement has been signed incorporating quality & productivity requirements.

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 working 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 behavior 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 ("Policy") is in place 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 continues to reinforce the Code of Business Conduct across functions/workforce. In order to enhance communications 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.

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MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

Financial Review

Consolidated basis:

The results of operations as of and for the years ended March 31, 2018 and 2017 on a consolidated basis is as follows:

	Fiscal 2018		Fiscal 2017	
	(Rs. in Lakhs)	% of Total Income	(Rs. in Lakhs)	% of Total Income
Income:				
Sales	43,776.92		41,029.58	
Less: Excise duty on sale of goods	288.98		3,036.68	
Net Sales	43,487.94	96.48	37,992.90	94.95
Other Income	1,588.01	3.52	2,021.91	5.05
Total Income	45,075.95	100.00	40,014.81	100.00
Expenditure:				
Consumption of Raw Material, Stores, Spare parts and Components	27,860.23	61.81	22,099.55	55.23
Purchases for Project Business	3,158.31	7.01	3,480.27	8.70
Purchases for EPC	-	-	183.72	0.46
Operating and Other Expenses	11,632.95	25.81	11,409.46	28.51
Interest and Finance Charges:				
On Fixed Loans	-	-	-	-
On other accounts	665.56	1.48	414.29	1.04
Depreciation Amortization of Technical Knowhow	2,711.29	6.01	2,785.55	6.96
Total Expenditure	46,028.34	102.11	40,372.84	100.89
Profit Before Tax	(952.39)	(2.11)	(358.03)	(0.89)
Provision for Taxation	676.11	-	93.89	-
Deferred Tax	(186.06)	-	(9.27)	-
Profit/(Loss) After Tax	(1,442.44)	-	(442.65)	-
Other Comprehensive Income				
Exchange difference on translation of foreign operations	19.75	-	23.37	-
Re-measurement of defined benefit plans	15.70	-	(31.79)	-
Income tax on the above	-	-	11.74	-
Deferred tax on the above	(5.48)	-	-	-
Total	29.97	-	3.32	-
Total Comprehensive Income	(1,412.47)	-	(439.33)	-

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

Fiscal 2018 compared to Fiscal 2017**Income**

Total income increased by Rs.5,061.14 lakhs, or 12.65%, to Rs.45,075.95 lakhs in Fiscal 2018 from Rs.40,014.81 lakhs in Fiscal 2017, due to increase in sales volume of Manufacturing Business.

Net sales

Net sales increased by Rs.5,495.04 lakhs, or 14.46%, to Rs.43,487.94 lakhs in Fiscal 2018 from Rs.37,992.90 lakhs in Fiscal 2017, due to increase in sales volume of Manufacturing, Business.

Net sales from our manufacturing business increased by Rs.6,298.27 lakhs, or 20.27%, to Rs.37,373.66 lakhs in Fiscal 2018 from Rs.31,075.39 lakhs in Fiscal 2017. Net sales of our manufacturing business contributed 82.91% and 77.66% of our Total Income in Fiscal 2018 and 2017, respectively.

Net sales from our Project Business including Japan Subsidiary decreased by Rs.731.31 lakhs, or 10.68%, to Rs.6,114.28 lakhs in Fiscal 2018 from Rs.6,845.59 lakhs in Fiscal 2017. Net sales of our Project Business contributed 13.56% and 17.11% of our Total Income in Fiscal 2018 and 2017, respectively.

Expressed as a percentage of total income, net sales increased to 96.48% in Fiscal 2018 from 94.95% in Fiscal 2017.

Other income

Other income contributed 3.52% and 5.05% of our total income in Fiscal 2018 and 2017, respectively

Other income decreased by Rs.433.90 lakhs, or 21.46%, to Rs.1,588.01 lakhs in Fiscal 2018 from Rs.2,021.91 lakhs in Fiscal 2017.

Interest from banks deposits decreased by Rs.306.56 lakhs, or 64.03%, to Rs.988.15 lakhs in Fiscal 2018 from Rs.1,294.71 lakhs in Fiscal 2017 due to reduction in interest rates.

Expenditure

Total expenditure increased by Rs.5,655.51 lakhs, or 14.01%, to Rs.46,028.34 lakhs in Fiscal 2018 from Rs.40,372.83 lakhs in Fiscal 2017

Consumption of raw material, stores, spare parts and components

Consumption of raw material, stores and spare parts and components expenses increased by Rs.5,760.68 lakhs, or 26.07%, to Rs.27,860.23 lakhs in Fiscal 2018 from Rs.22,099.55 lakhs in Fiscal 2017, primarily due to increase in sales volumes. Expressed as a percentage of total income, raw material consumed expenses increased to 61.81% in Fiscal 2018 from 55.23% in Fiscal 2017 due to increase in sales volumes.

Purchases for Project Business

Our purchases for Project Business including Japan

Subsidiary decreased by Rs.321.96 Lakhs, or 9.25%, to Rs.3,158.31 lakhs in Fiscal 2018 from Rs.3,480.27 lakhs in Fiscal 2017, due to reduced business volume. Expressed as a percentage of total income, purchases for Project Business decreased to 7.01% in Fiscal 2018 from 8.70% in Fiscal 2017 due to reduced sales volumes.

Operating and other expenses

Our operating and other expenses increased by Rs.223.50 Lakhs, or 1.96%, to Rs.11,632.95 Lakhs in Fiscal 2018 from Rs.11,409.45 Lakhs in Fiscal 2017.

Power and fuel expenses increased by Rs.138.26 Lakhs, or 27.85%, to Rs.634.74 Lakhs in Fiscal 2018 from Rs.496.47 Lakhs in Fiscal 2017 on account of increased volumes in manufacturing segment

Personnel expenses through salaries, wages and bonuses increased by Rs.321.29, or 6.36%, to Rs.5,376.48 Lakhs in Fiscal 2018 from Rs.5,055.19 Lakhs in Fiscal 2017 due to increase in salary of workmen & staff.

Welfare expenses decreased by Rs.39.77 Lakhs, or 3.30%, to Rs.1,165.03 Lakhs in Fiscal 2018 from Rs.1,204.80 Lakhs in Fiscal 2017.

Rent charges increased by Rs.0.37 Lakhs, or 0.54%, to Rs.67.53 Lakhs in Fiscal 2018 from Rs.67.17 Lakhs in Fiscal 2017.

Repair expenses increased by Rs.23.55 Lakhs, or 8.78%, to Rs.291.77 Lakhs in Fiscal 2018 from Rs.268.22 Lakhs in Fiscal 2017.

Selling expenses increased by Rs.170.27 Lakhs, or 23.62%, to Rs.891.08 Lakhs in Fiscal 2018 from Rs.720.80 Lakhs in Fiscal 2017, on account of increased manufacturing business volumes.

Vehicle Maintenance expenses decreased by Rs.9.21 Lakhs, or 12.85%, to Rs.62.45 Lakhs in Fiscal 2018 from Rs.71.66 Lakhs in Fiscal 2017.

Insurance expenses decreased by Rs. 0.99 Lakhs, or 1.16%, to Rs. 83.82 Lakhs in Fiscal 2018 from Rs. 84.81 Lakhs in Fiscal 2017.

Printing and Stationary expenses decreased by Rs.2.18 Lakhs, or 3.56%, to Rs.59.10 Lakhs in Fiscal 2018 from Rs. 61.28 Lakhs in Fiscal 2017.

Travelling expenses decreased by Rs. 37.84 Lakhs, or 3.02%, to Rs.1,214.47 Lakhs in Fiscal 2018 from Rs.1,252.31 Lakhs in Fiscal 2017.

Postage & Telephone charges decreased by Rs.15.73 Lakhs, or 16.09%, to Rs.82.06 Lakhs in Fiscal 2018 from Rs.97.79 Lakhs in Fiscal 2017.

Audit Fee decreased by Rs.16.79 Lakhs, or 46.26%, to Rs.19.50 Lakhs in Fiscal 2018 from Rs.36.29 Lakhs in Fiscal 2017 primarily due to change in classification of expenses, reduction in certification charges and other one-time services.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

Consultancy and Professional charges including contribution to corporate social responsibility is increased by Rs.14.81 Lakhs, or 3.26%, to Rs.468.60 Lakhs in Fiscal 2018 from Rs.453.78 Lakhs in Fiscal 2017.

Bank charges decreased by Rs.638.80 Lakhs, or 75.20% to Rs.210.72 Lakhs in Fiscal 2018 from Rs.849.52 Lakhs in Fiscal 2017 as FY 2017 bank charges included Rs.618.49 Lakhs of forex/translation loss

Royalty charges increased by Rs.24.49 Lakhs, or 420.69%, to Rs.30.31 Lakhs in Fiscal 2018 from Rs.5.82 Lakhs in Fiscal 2017 due to increase in sale of product under license agreement.

Direction charges including other expenses increased by Rs.315.24 Lakhs, or 175.59%, to Rs.494.78 Lakhs in Fiscal 2018 from Rs.179.53 Lakhs in Fiscal 2017, due to lower payment of managerial remuneration in Fiscal 2017 pending shareholder's approval, which was regularized in Fiscal 2018 and revision in minimum remuneration payable under Schedule V of Companies Act, 2013.

Manufacturing expenses decreased by Rs.0.20 Lakhs, or 0.17%, to Rs.117.73 Lakhs in Fiscal 2018 from Rs. 117.93 Lakhs in Fiscal 2017.

Rates and taxes increased by Rs.33.89, or 57.45% to Rs.92.88 Lakhs in Fiscal 2018 from Rs.58.99 Lakhs in Fiscal 2017.

Software expenses decreased by Rs.20.64 or 9.31% to Rs.201.06 Lakhs in Fiscal 2018 from Rs.221.70 Lakhs in Fiscal 2017.

Expressed as a percentage of total income, operating and other expenses is 25.81% in Fiscal 2018 when compared to 28.51% in Fiscal 2017.

Interest and finance charges

Our interest and finance charges increased by Rs.251.27 Lakhs, or 60.65%, to Rs.665.56 Lakhs in Fiscal 2018 from Rs.414.29 Lakhs in Fiscal 2017, due to higher utilization of working capital limits.

Depreciation and amortization of technical know-how

Our depreciation and amortization of technical know-how expense decreased by Rs.74.26 Lakhs, or 2.67%, to Rs.2,711.29 Lakhs in Fiscal 2018 from Rs.2,785.55 Lakhs in Fiscal 2017 on account of completion of useful life of few assets.

Loss before tax:

Loss before tax increased by Rs.594.37 Lakhs, or 166.01%, to Rs.952.39 Lakhs in Fiscal 2018 from Rs.358.03 Lakhs in Fiscal 2017.

Taxation:

Our tax expense increased by Rs.405.43 Lakhs, or 479.12%, to Rs.490.05 Lakhs in Fiscal 2018 from Rs. 84.62 Lakhs in Fiscal 2017 due to profits on standalone basis.

Profit / (loss) after tax

Consequently, our loss after tax increased by Rs.999.79 Lakhs, to Rs.1,442.44 Lakhs in Fiscal 2018 from Rs.442.65 Lakhs in Fiscal 2017.

The consolidated net worth stands at Rs.44,940.76 Lakhs decrease of Rs.2,112.54 Lakhs over Fiscal 2017.

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MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

Stand-alone basis

The results of operations as of and for the years ended March 31, 2018 and 2017 on a consolidated basis is as follows:

	Fiscal 2018		Fiscal 2017	
	(Rs. in Lakhs)	% of Total Income	(Rs. in Lakhs)	% of Total Income
Income:				
Sales	43,532.58		39,982.70	
Less: Excise duty on sale of goods	288.98		3,036.68	
Net Sales	43,243.60	96.34	36,946.02	95.37
Other Income	1,640.59	3.66	1,794.18	4.63
Total Income	44,884.19	100.00	38,740.20	100.00
Expenditure:				
Consumption of Raw Material, Stores, Spare parts and Components	27,909.02	62.18	22,098.47	57.04
Purchases for Project Business	3,158.31	7.04	2,699.96	6.97
Operating and Other Expenses	10,951.48	24.40	10,651.26	27.49
Interest and Finance Charges:				
On Fixed Loans	-	-	-	-
On other Accounts	662.13	1.48	406.17	1.05
Loss on Sale of Fixed Assets	0.24	0.00	0.08	0.00
Depreciation and Amortization of Technical Knowhow	2,705.54	6.03	2,772.21	7.16
Total Expenditure	45,386.72	101.12	38,628.15	99.71
Profit Before Tax and Exceptional Items	(502.53)		112.05	
Exceptional Items	(2,213.98)		-	
Profit Before Tax	1,711.45		112.05	
Provision for Taxation	675.00		75.72	
Deferred Tax	(202.84)		(3.82)	
Profit/(Loss) After Tax	1,239.29		40.15	
Other Comprehensive Income				
Re-measurement of defined benefit plan	15.70		(33.87)	
Income tax on the above	-		11.72	
Deferred tax on the above	(5.48)		-	
Total	10.22		(22.15)	
Total Comprehensive Income	1,249.51		18.00	

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)**Fiscal 2018 compared to Fiscal 2017****Income**

Total income increased by Rs.6,143.98 Lakhs, or 15.86%, to Rs.44,884.19 Lakhs in Fiscal 2018 from Rs.38,740.20 Lakhs in Fiscal 2017, due to increase in sales volume of Manufacturing Business.

Net sales

Net sales increased by Rs.6,297.58 Lakhs, or 17.05%, to Rs.43,243.60 Lakhs in Fiscal 2018 from Rs.36,946.02 Lakhs in Fiscal 2017, due to increase in sales volume of Manufacturing Business.

Net sales from our manufacturing business increased by Rs.6,214.76 Lakhs, or 20.10 %, to Rs.37,129.32 Lakhs in Fiscal 2018 from Rs.30,914.56 Lakhs in Fiscal 2017. Net sales of our manufacturing business contributed 82.72% and 79.80% of our Total Income in Fiscal 2018 and 2017, respectively.

Net sales from our Project Business increased by Rs.82.82 Lakhs, or 1.37%, to Rs.6,144.28 Lakhs in Fiscal 2018 from Rs.6,031.46 Lakhs in Fiscal 2017. Net sales of our Project Business contributed 13.62% and 15.57% of our Total Income in Fiscal 2018 and 2017, respectively.

Expressed as a percentage of total income, net sales remained flat at 96.34% in Fiscal 2018 versus 95.37% in Fiscal 2017.

Other income

Other income contributed 3.66% and 4.63% of our total income in Fiscal 2018 and 2017, respectively.

Other income decreased by Rs.153.60 Lakhs, or 8.56%, to Rs.1,640.59 Lakhs in Fiscal 2018 from Rs.1,794.18 Lakhs in Fiscal 2017 on account of reduction in interest income on deposits during current year.

Interest from banks deposits decreased by Rs.225.10 Lakhs, or 19.02%, to Rs.958.51 Lakhs in Fiscal 2018 from Rs.1,183.61 Lakhs in Fiscal 2017 due to reduction in interest rates.

Expenditure

Total expenditure increased by Rs.6,758.55 Lakhs, or 17.50%, to Rs.45,386.72 Lakhs in Fiscal 2018 from Rs.38,628.15 Lakhs in Fiscal 2017.

Consumption of raw material, stores, spare parts and components

Consumption of raw material, stores, spare parts and components expenses increased by Rs.5,810.54 Lakhs, or 26.29%, to Rs.27,909.02 Lakhs in Fiscal 2018 from Rs.22,098.47 Lakhs in Fiscal 2017, primarily due to increase in sales of manufactured goods. Expressed as a percentage of total income, raw material consumed expenses increased to 62.18% in Fiscal 2018 from 57.04% in Fiscal 2017 due to increased volumes and change in product mix.

Purchases for Project Business

Our purchases for Project Business increased by Rs.458.34 Lakhs, or 16.98%, to Rs.3,158.31 Lakhs in Fiscal 2018 from

Rs. 2,699.96 Lakhs in Fiscal 2017, due to increased business volume. Expressed as a percentage of total income, purchases for Project Business decreased to 7.04% in Fiscal 2018 from 6.97% in Fiscal 2017

Operating and other expenses

Our operating and other expenses increased by Rs. 300.38 Lakhs, or 2.82%, to Rs.10,951.72 Lakhs in Fiscal 2018 from Rs.10,651.34 Lakhs in Fiscal 2017.

Power and fuel expenses increased by Rs.138.50 Lakhs, or 27.91%, to Rs.634.74 Lakhs in Fiscal 2018 from Rs.496.24 Lakhs in Fiscal 2017 on account of increased volumes in manufacturing segment

Personnel expenses through salaries, wages and bonuses increased by Rs.353.63 Lakhs, or 7.62%, to Rs.4,993.04 Lakhs in Fiscal 2018 from Rs.4,639.40 Lakhs in Fiscal 2017 due to increase in salary of workmen & staff.

Welfare expenses decreased by Rs.34.82 Lakhs, or 2.96%, to Rs.1,140.28 Lakhs in Fiscal 2018 from Rs.1,175.10 Lakhs in Fiscal 2017.

Rent charges decreased by Rs.1.54 Lakhs, or 3.19%, to Rs.46.81 Lakhs in Fiscal 2018 from Rs.48.36 Lakhs in Fiscal 2017.

Repair expenses decreased by Rs.0.02 Lakhs, or 0.01%, to Rs.261.97 Lakhs in Fiscal 2018 from Rs.261.95 Lakhs in Fiscal 2017.

Selling expenses increased by Rs.194.78 Lakhs, or 27.05%, to Rs.914.87 Lakhs in Fiscal 2018 from Rs.720.09 Lakhs in Fiscal 2017, on account of increased manufacturing business volumes.

Vehicle Maintenance expenses decreased by Rs.7.41 Lakhs, or 13.18%, to Rs.48.83 Lakhs in Fiscal 2018 from Rs.56.25 Lakhs in Fiscal 2017.

Insurance expenses decreased by Rs.15.21 Lakhs, or 19.85%, to Rs.61.42 Lakhs in Fiscal 2018 from Rs.76.64 Lakhs in Fiscal 2017, on account of consolidation of various policies.

Printing & Stationary expenses decreased by Rs.0.45 Lakhs, or 0.78%, to Rs.57.76 Lakhs in Fiscal 2018 from Rs.58.22 Lakhs in Fiscal 2017.

Travelling expenses decreased by Rs.3.33 Lakhs, or 0.29%, to Rs.1,160.97 Lakhs in Fiscal 2018 from Rs.1,164.30 Lakhs in Fiscal 2017.

Postage & Telephone charges decreased by Rs.17.49 Lakhs, or 19.52%, to Rs.72.09 Lakhs in Fiscal 2018 from Rs.89.58 Lakhs in Fiscal 2017.

Audit Fee decreased by Rs. 11.19 Lakhs, or 39.34%, to Rs.17.25 Lakhs in Fiscal 2018 from Rs.28.44 Lakhs in Fiscal 2017 primarily due to change in classification of expenses, reduction in certification charges and other one-time services.

Consultancy & Professional charges including amount spent on corporate social responsibility activities are increased by

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

Rs.26.51 Lakhs, or 7.48%, to Rs.380.90 Lakhs in Fiscal 2018 from Rs.354.39 Lakhs in Fiscal 2017.

Bank charges decreased by Rs.625.65 Lakhs, or 75.49% to Rs.203.10 Lakhs in Fiscal 2018 from Rs.828.75 Lakhs in Fiscal 2017 as FY 2017 bank charges included Rs.618.49 Lakhs of forex/translation loss.

Royalty charges increased by Rs.24.49 Lakhs, or 420.69%, to Rs.30.31 Lakhs in Fiscal 2018 from Rs.5.82 Lakhs in Fiscal 2017 due to higher sale of product under license agreement.

Direction charges including other expenses increased by Rs.315.88 Lakhs, or 182.01%, to Rs.489.43 Lakhs in Fiscal 2018 from Rs.173.55 Lakhs in Fiscal 2017 due to lower payment of managerial remuneration in Fiscal 2017 pending shareholder's approval, which was regularized in Fiscal 2018 and revision in minimum remuneration payable under Schedule V of Companies Act, 2013

Manufacturing expenses decreased by Rs.0.20 Lakhs, or 0.17%, to Rs.117.73 Lakhs in Fiscal 2018 from Rs.117.93 Lakhs in Fiscal 2017.

Software expenses decreased by Rs.20.64 Lakhs, or 9.31%, to Rs.201.06 Lakhs in Fiscal 2018 from Rs.221.70 Lakhs in Fiscal 2017.

Rates and taxes increased by Rs.22.52 Lakhs, or 38.63%, to Rs.80.81 Lakhs in Fiscal 2018 from Rs.58.29 Lakhs in Fiscal 2017.

Expressed as a percentage of total income, operating and other expenses is 24.40% in Fiscal 2018 when compared to 27.49% in Fiscal 2017.

Interest and finance charges

Our interest and finance charges increased by Rs.255.96 Lakhs, or 63.02%, to Rs.662.13 Lakhs in Fiscal 2018 from Rs.406.17 Lakhs in Fiscal 2017, due to higher utilization of working capital limits.

Depreciation and amortization of technical know-how

Our depreciation and amortization of technical know-how expense decreased by Rs.66.67 Lakhs, or 2.40%, to Rs.2,705.54 Lakhs in Fiscal 2018 from Rs.2,772.21 Lakhs in Fiscal 2017 on account of completion of useful life of few assets.

Profit before tax and exceptional items

Profit before tax and exceptional items decreased by Rs.614.57 Lakhs, or 548.54%, to loss of Rs.502.53 Lakhs in Fiscal 2018 from profit of Rs.112.05 Lakhs in Fiscal 2017.

Exceptional item:

Consequent to closure of the guarantee provided to the Indian Subsidiary, the company has recovered guarantee commission from its Indian Subsidiary which were prohibited by the Bank under the terms of the guarantee document. The amount of commission so recovered from the subsidiary aggregating to Rs.1,702.09 Lakhs (excluding tax) has been disclosed under exceptional items in the above financial results. Exceptional items also include other service charges not recovered from the said subsidiary earlier amounting to Rs.511.19 Lakhs (excluding tax) which have been recovered during the year.

Taxation

Our tax expense including deferred tax increased by Rs.400.26 Lakhs, or 556.67%, to Rs.472.16 Lakhs in Fiscal 2018 from Rs.71.90 Lakhs in Fiscal 2017 due to higher profits.

Profit / (loss) after tax

Our profit after tax increased by Rs.1,014.83 Lakhs to Rs.1,239.29 Lakhs in Fiscal 2018 from Rs.40.15 Lakhs in Fiscal 2017.

Forward-Looking Statement

Statements in the Management Discussion and Analysis 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. The Company assumes no responsibility to publicly amend, modify or revise any such statements on the basis of subsequent developments, information or events.

For and on behalf of the Board of Directors

Mohib N. Khericha Chairman
Nikhil Kumar Managing Director

Bangalore
May 23, 2018

K. G. Prabhakar Director & CFO
N. Srivatsa Company Secretary

CORPORATE GOVERNANCE REPORT

ANNEXURE - 10

CORPORATE GOVERNANCE REPORT

Company's Philosophy

Your Company i.e. TD Power Systems Limited (“we”)/ (“The Company”)/ (“TDPS”) is committed to ethical business practices and regulatory compliances and continues to practice good Corporate Governance. We have complied with the requirements of corporate governance contained in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations/LODR), particularly those relating to composition of Board of Directors (“The Board”), constitution of Committees such as a Audit Committee, Stakeholders Relationship Committee and Nomination and Remuneration Committee.

Our Corporate Governance Report for fiscal 2018 forms part of this Annual Report.

I. Board of Directors and Procedures

The composition of the Board of Directors as on March 31, 2018 comprised of Six directors consisting of a Non-Executive Chairman, a Managing Director (“MD”), and three Independent Directors including a Women Director. The positions of the Chairman of the Board and the 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.

A. Composition & Category of Directors, Attendance at Board Meetings & Annual General Meeting, Membership of other Boards/Committees as on March 31, 2018:

Name	Category	Board meetings during the year	Board meetings attended	Attendance at Last AGM	Directorship in other companies	Chairmanship / Committee membership of other Companies*	
						Chairman	Member
Mr. Mohib N. Khericha	Non-Executive Chairman	5	5	Yes	13	3	3
Mr. Nikhil Kumar	Managing Director	5	5	Yes	3	Nil	Nil
Mr. Nithin Bagamane	Independent Director	5	4	Yes	7	Nil	Nil
Mr. Ravi Kanth Mantha	Independent Director	5	4	Yes	4	Nil	Nil
Ms. Prathibha Sastry**	Independent Director	2	2	NA	Nil	Nil	Nil
Dr. Arjun Kalyanpur ***	Independent Director	4	Nil	No	5	Nil	Nil
Mrs. Nandita Lakshmanan****	Independent Director	2	1	NA	2	Nil	Nil
Mr.K G Prabhakar	Executive Director	5	5	Yes	1	Nil	Nil

** Ms. Prathibha Sastry - Additional Director in the capacity of Independent Director was appointed with effect from September 27, 2017.

*** Dr. Arjun Kalyanpur - Independent Director, resigned with effect from closing of business hours on January 10, 2018.

****Ms. Nandita Lakshmanan - Independent Director, resigned with effect from closing of business hours on August 10, 2017.

Note

1. *As required under Regulation 26 of SEBI (LODR), disclosure considers chairpersonship and membership of the Audit Committee and the Stakeholders' Relationship Committee of Public Limited companies.
2. Number of Directorship held in other Companies

includes Private Limited Companies and public (listed/unlisted) Limited Companies and excludes Foreign Companies and Companies under Section 8 of the Companies Act, 2013 (“The Act”) in which he/she is a Director.

3. The necessary disclosures regarding change in Committee positions, if any, have been made by all the Directors, during the year under review. None of the Director is a Member of more than 10 Committees or Chairman of more than 5 Committees across all Indian Listed public limited Companies in which he/she is a Director.
4. None of the Directors had any relationship inter-se.
5. Excepting Mr. Mohib N. Khericha who holds 37,30,960 Equity Shares, no other Non-Executive Director holds shares of the Company.

CORPORATE GOVERNANCE REPORT (CONTD.)

6. The Company has proper systems to enable the Board to periodically review compliance reports of all laws applicable to the Company, as prepared by the Company.
7. None of the Non-executive Directors held convertible instruments of the Company during the financial year ended 31st March 2018.

B. Board Meetings

The Board meets at least once in a quarter to review the quarterly results and other items on the agenda. During the year, the Board met five times on May 18, 2017, August 10, 2017, September 27, 2017, November 15, 2017 and February 07, 2018. The maximum gap between any two Board Meetings was less than one hundred and twenty days. Agenda papers including draft minutes are circulated well in advance of Board meetings to the members. It contains vital and adequate information facilitating deliberations at the meeting.

All material information was circulated to the directors before the meeting or placed at the meeting, including the following minimum information as mentioned in the Part B of Schedule II of LODR, as and when occasion arises

- Annual Business Plan which includes capital expenditure and manpower budget. The capital expenditure proposals sanctioned and actual amounts incurred are reported on a quarterly basis. Reasons for variance between the budget and actuals are also explained.
- Information on recruitment of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and Company Secretary.
- Report on statutory compliance, show cause notices, penalties, suits filed by/against the company and shareholders grievances, etc.
- Quarterly financial results for the Company and for the group companies with analysis of performance.
- Minutes of the meetings of Audit Committee and other Committees of the Board of Directors.
- Significant labour problems, if any, and their proposed solutions, wage agreements etc.
- Safety issues - fatal or serious accidents in the plants, dangerous occurrences, any materia effluent or pollution problems.
- Any material default in financial obligations to and by the Company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- Matters relating to related party transactions & statutory compliance.

- Minutes of meeting of the Board of Directors, financial statements, related party transactions and significant transactions relating to wholly owned subsidiaries.

C. Code of Conduct

The Company has in place a comprehensive Code of Conduct (“the Code”) applicable to all the employees and Non-executive Directors including Independent Directors. The Code gives guidance and support needed for ethical conduct of business and compliance of law. A copy of the Code has been placed on the Company’s website (www.tdps.co.in). The Code has been circulated to Directors and Management Personnel and its compliance is affirmed by them annually. A declaration signed by the Managing Director forms part of this Report. The code of conduct has incorporated the duties of independent directors as laid down in the Companies Act, 2013.

D. Disclosure regarding Appointment or Reappointment of a Director

D (i) Mr. K.G. Prabhakar (DIN: 07187463)

At the ensuing Annual General Meeting of the Company Mr. K.G. Prabhakar (DIN: 07187463) retires by rotation and being eligible offers himself for reappointment.

Mr. K. G. Prabhakar, aged 62 years, is a Chartered Accountant by qualification with over 37 years’ experience. He was employed with the Company since 2001 with responsibilities of finance, accounts, taxation, HR and administration functions over the years and was the Chief Financial Officer of the Company. Consequent to his superannuation Mr. K.G. Prabhakar ceased to be Chief Financial Officer of the Company with effect from close of business hours on June 27, 2018.

Mr. K. G. Prabhakar holds 4,500 equity shares of the Company being 0.01% of paid up capital. He has attended all five board meetings of the Company during 2017 -18.

He is also a Non-executive Director of the Company’s wholly owned subsidiary DF Power Systems Private Limited.

He does not hold directorship and committee membership in any other listed Company. He is not related to any Director of the company.

D (ii) Ms. Prathibha Sastry (DIN: 01505172)

Ms. Prathibha Sastry was appointed as an Additional Director of the Company effective September 27, 2017, pursuant to the provisions of Section 161 of the Companies Act, 2013 and Article 134 of the Article of Association of the Company, to hold the office of director up to the date of this AGM i.e. September 26, 2018.

CORPORATE GOVERNANCE REPORT (CONTD.)

Pursuant to the recommendations of the Nomination & Remuneration committee of the Board, Ms. Prathibha Sastry is to be appointed as Director of the Company pursuant to Section 152 of the Companies Act 2013, to hold office as an Independent Director in terms of Section 149(10) of the Companies Act, 2013 and rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force), read with Schedule IV of the Companies Act, 2013, for a fixed initial term of five years up to September 26, 2022 (effective from September 27, 2017).

Ms. Prathibha Sastry is an Advisor at emPower program for Zone Startups which is a Canadian government initiative. She was heading the Operations at Microsoft Ventures in India for almost 3 years and considers her time extremely rewarding. A pioneer in creating travel with a purpose within the Startup ecosystem, she has launched Digital Dash for a Hyderabad based startup. She has been the recipient of the British Council's Young Creative Entrepreneur-India 2008-09 and she has represented the country at the International Young Creative Entrepreneurs Program held in London in October, 2008. She has been a contributing author on books like Indian Cinema and Women Entrepreneurs.

Ms. Prathibha Sastry does not hold any share of the Company. She has attended two board meetings of the Company held during financial year 2017 - 18 post her appointment as Director on September 27 2018. She does not hold directorship and membership in any other listed Company. She is not related to any Director of the company.

E. Independent Directors

1. Independent Director means a Non-Executive Director, who fulfills the criteria as laid down in Regulation 25 of the LODR.
2. None of the Independent Directors of the Company serve as an Independent Director in more than seven listed companies and where any Independent Director is serving as whole-time director in any listed company, such director is not serving as Independent Director in more than three listed companies.
3. The maximum tenure of Independent Directors is in accordance with the Companies Act, 2013 and rules made thereunder, in this regard, from time to time.
4. During the year, separate meeting of the Independent Directors was held on February 07, 2018 without the attendance of non-independent directors and members of the management. All Independent Directors attended the said meeting.
5. The Company has issued formal letter of appointment to its Independent Directors appointed at the Annual General Meeting ("AGM") held on August 12, 2014, and

the terms and conditions of said Letter are published on the website of the Company www.tdps.co.in.

6. Mr. Nithin Bagamane & Mr. Ravi Mantha are due for reappointment which is being placed for approval of the shareholders at the ensuing AGM.

F. Familiarization Programme for Non-Executive/ Independent Directors of the Company

In terms of LODR, the Company adopted a Familiarization Programme for its Non-Executive Directors including Independent Directors comprising two segments

1. Familiarization upon induction of new Directors
 - Inductee was provided with a copy of all the applicable codes and policies formulated and adopted by the Company.
 - An orientation on the Company's, products, markets, customers and functions.
 - Introduction to & interaction with certain key members of the senior management of the Company.
 - A detailed briefing to the inductee on the roles and responsibilities as Director/Independent Director.
2. Annual Familiarization Programme
 - On an annual basis, the Company shall brief its Directors inter alia about the Company's business model, Shareholder profile, financial details, their roles, rights and responsibilities in the Company. The Board is also periodically briefed on the various changes in the regulations governing the conduct of Independent Directors. The above familiarization program is placed on our website www.tdps.co.in.

G. Board Evaluation

The Board monitors and reviews the Board evaluation framework. The board works with the Nomination & Remuneration Committee to lay down the evaluation criteria for the performance of executive/non-executive/independent directors. The questionnaire of the survey is a key part of the process of reviewing the functions and effectiveness of the board and identifying possible path for improvement. Each Board member is requested to evaluate the effectiveness of the board dynamics and relationship, information flow, decisions making of the directors, relationship with the stakeholders, company performance and strategy, and the effectiveness of the whole board and its various committees. Feedback on each director is encouraged. The evaluation process for fiscal 2018 has been completed.

An independent directors' meeting was held to review the following:

- Review the performance of non-independent directors and the Board as a whole.

CORPORATE GOVERNANCE REPORT (CONTD.)

- Review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors.
- Assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

H. Remuneration of Directors

There is no pecuniary relationship or transactions with the non -executive directors excepting payment of sitting fees which is paid for attending Board/ Committee Meetings. The sitting fees shall not exceed Rupees One Lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time. No commission/share of profit is payable to them.

Disclosures with respect to remuneration paid to individual directors.

1. Details are provided in Annexure 1- the extract of the Annual Return, annexed to the Directors Report in Form MGT-9 as required under the provisions of Section 92 of the Companies Act, 2013.
2. Fixed component
Details of remuneration paid to the Managing Director and Whole Time Director for the Fiscal 2018 are provided in Annexure 1 of the extract of the Annual Return, annexed to the Directors Report in Form MGT-9 as required under the provisions of Section 92 of the Companies Act, 2013.
3. Service contract, notice period, severance fees
– Executive directors

The Company's Board comprises two executive directors, namely, Mr. Nikhil Kumar, Managing Director and Mr. K. G. Prabhakar, Whole Time Director & CFO.

The appointment of Mr. Nikhil Kumar, Managing Director is for a period of five years commencing from January 17, 2016. He is eligible for payment of remuneration as specified in Part II of Section II of Schedule V of the Companies Act 2013 (including any statutory modifications or re-enactments thereof for the time being in force) in such financial years of the Company having no profits or having inadequate profits during a period of three years (including the financial year ended March 31 2017), subject however that remuneration payable would revert to 11% of net profits in terms of Section 197 read with Schedule V of the Companies Act 2013 (the Act), in the event the company has net profits to pay remuneration in terms of Part II of Section I of Schedule V of the Companies Act, 2013 in any financial year during the term of employment. The severance fee and notice period has been provided in the employment agreement. For the year ended March 31, 2018 he was paid a

remuneration of Rs.20,497,400 (excluding contribution to provident fund).

Mr K. G. Prabhakar was appointed effective May 20, 2015 at a remuneration of Rs. 4,800,000 per annum on CTC basis which includes basic salary, allowances and Company's contribution to Provident fund (PF). In addition, he will be paid such bonus /ex-gratia as may be approved for top/senior management of the Company and approved by the Nomination and Remuneration Committee and is eligible for encashment of leave and Gratuity as per Company's policy. The above remuneration is subject to revisions and increments (as applicable to top/senior management of the Company) at the discretion of the Board. However, remuneration at any time during the tenure shall not exceed the limits specified under Schedule V of the Companies Act, 2013 or any statutory modification(s) or re-enactment(s) thereof. The notice period for termination of employment has been provided in the employment agreement. For the year ended March 31 2018 he was paid a remuneration of Rs.5,528,748 (excluding contribution to provident fund).

4. Stock options- No stock options have been granted to any of the Directors.

The Nomination & Remuneration Committee (NRC) of the Board has framed a policy on selection and appointment of Directors and their remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under Section 178 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (LODR). We affirm that the remuneration paid to the Directors is as per the terms laid out in the Nomination and Remuneration Policy of the Company. Based on the recommendation of the NRC, the Board has approved the policy.

I. Remuneration Policy**Policy relating to the Remuneration for the Whole time Director, KMP and Senior Management Personnel**

- The remuneration / compensation / commission etc. to the Whole-time Director, Key Managerial Personnel (KMP) and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration/ compensation/commission etc. shall be subject to the prior/post approval of the Shareholders of the Company and Central Government, wherever required.
- The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the provisions of the Act.
- Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director.

CORPORATE GOVERNANCE REPORT (CONTD.)

- Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Financial Officer (“CFO”), the Company Secretary (“CS”) and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

Remuneration to Whole-time Director, KMP and Senior Management Personnel

Fixed Pay

The Whole-time Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Nomination and Remuneration Committee. The breakup of the pay scale and quantum of perquisites including, employer’s contribution to P.F, medical expenses etc. shall be decided and approved by the Board/the person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

Minimum Remuneration

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

Provisions for excess Remuneration

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he /she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Criteria of making payments to non-executive directors

Non-Executive Directors are paid sitting fees for attending Board/Committee Meetings. Provided that, the amount of such fees shall not exceed Rupees One Lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time and no commission/ share of profit is payable to them.

Profit-linked Commission

The profit-linked Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the

Company computed as per the applicable provisions of the Act.

Stock Options

Pursuant to the provisions of the Act, an Independent Director shall not be entitled to stock options of the Company.

II Board Committees

A. Audit committee

The Audit Committee (“Committee”) presently consists of three Independent Directors and a non-Independent Director. Mr. Nithin Bagamane, Independent Director is the chairman, and Ms. Prathibha Sastry, Mr. Ravi Kanth Mantha (all Independent Directors) and Mr. Mohib N. Khericha are the other members of the Committee. The constitution of the committee meets with the requirements of section 177 of the Companies Act, 2013 along with Regulation 18 of SEBI LODR 2015.

All the current members of the Committee have relevant experience in financial matters and Mr. Mohib N. Khericha is a Chartered Accountant.

The Company Secretary Mr. N Srivatsa is the Secretary of the Audit Committee.

The Chairman of the Audit Committee Mr. Nithin Bagamane attended the 18th Annual General Meeting held on Wednesday, September 27, 2017.

Ms. Prathibha Sastry was co-opted as member of the Committee on September 27, 2017 Ms. Nandita Lakshmanan resigned as Director from close of business hours on August 10, 2017. Mr. Arjun Kalyanpur resigned as Director from close of business hours on January 10, 2018.

The Audit Committee met four (4) times during the financial year ended March 31, 2018 on May 18, 2017, August 10, 2017, November 15, 2017 and February 7, 2018. Particulars of attendance by the members of the Committee during the year ended March 31, 2018 are as follows:

Date of meeting	Members Present
May 18, 2017	Mr. Nithin Bagamane, Mr. Mohib N. Khericha & Ms. Nandita Lakshmanan
August 10, 2017	Mr. Nithin Bagamane, Mr. Mohib N. Khericha, & Mr. Ravi Kanth Mantha
November 15, 2017	Mr. Nithin Bagamane, Mr. Mohib N. Khericha, Mr. Ravi Kanth Mantha & Ms. Prathibha Sastry
February 7, 2018	Mr. Nithin Bagamane, Mr. Mohib N. Khericha, Mr. Ravi Kanth Mantha & Ms. Prathibha Sastry

CORPORATE GOVERNANCE REPORT (CONTD.)

The Company Secretary Mr. N srivatsa is the Secretary Audit Committee.

The Managing Director and the Chief Financial Officer attend the Audit committee meetings by invitation. The Statutory Auditors attended Audit committee meetings as special invitees to provide comments and share concerns, if any, with the Audit committee.

Recommendations made by the audit committee during the year were accepted by the Board.

The powers, role and terms of reference of the Audit Committee covers the areas as contemplated under Regulation 18 and Part C of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and Section 177 of the Companies Act, 2013, as applicable, besides other terms may be referred by the Board of Directors including the following

- 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.
- Review inter alia related party transactions and the financial statements, minutes of Board meeting and audit committee meetings of the Company's unlisted Wholly Owned Subsidiaries ("WOS") and all significant transactions and arrangements entered into by the said Subsidiary.

B. Nomination and Remuneration Committee

The Nomination and Remuneration Committee ("Committee") presently consists of Mr. Nithin Bagamane Independent Director is the Chairman of the Committee and Ms. Prathibha Sastry and Mr. Mohib N. Khericha are the members of the Committee.

Mrs. Nandita Lakshmanan resigned as Director from close of business hours on August 10, 2017. Mr. Arjun Kalyanpur resigned as Director from close of business hours on January 10, 2018. Mr Nithin Bagamane was appointed as member of the Nomination & Remuneration committee of the board on August 10, 2017.

Ms. Prathibha Sastry was appointed as member of the Nomination and Remuneration Committee on February 07, 2018.

The Company Secretary is the Secretary of the Nomination and Remuneration Committee.

During the financial year 2017-2018, two meetings were held on May 18, 2017 and September 27, 2017.

Particulars of attendance by the members of the Committee during the year ended March 31, 2018 are as follows:

Date of meeting	Members Present
May 18, 2017	Mr. Mohib N. Khericha and Ms. Nandita Lakshmanan
September 27, 2017	Mr. Nithin Bagamane and Mr. Mohib N. Khericha

The powers, role and terms of reference of the Nomination and Remuneration Committee covers the areas as contemplated under Regulation 19 and Part D of the Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and Section 178 of the Companies Act, 2013 and includes the following

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees.
- Formulation criteria for evaluation of Independent Directors and the Board.
- Devising a policy on Board diversity.
- Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

Performance evaluation criteria for independent directors

The criteria for performance evaluation cover the areas relevant to the functioning as Independent Directors such as preparation, participation, conduct and effectiveness. The performance evaluation of Independent Directors was done by the entire Board of Directors and in the evaluation, the Directors who are subject to evaluation did not participate.

C. Stakeholders' Relationship Committee

Stakeholders' Relationship Committee ("The Committee") presently consists of Mr. Mohib N. Khericha, Non-Executive Director - the Chairman, Ms. Prathibha Sastry and Mr. Nithin Bagamane - Independent Directors are the members of the committee.

The Company Secretary Mr. N Srivatsa is the Secretary of the Stakeholders' Relationship Committee.

Ms. Nandita Lakshmanan and Dr. Arjun Kalyanpur resigned as members of the Stakeholders' Relationship Committee w.e.f. close of business hours on August 10, 2017 and on January 10, 2018 respectively.

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Ms. Prathibha Sastry and Mr. Nithin Bagamane were appointed as members of the Stakeholders' Relationship Committee w.e.f. September 27, 2017 and February 07, 2018 respectively.

During the financial year ended March 31, 2018 the details of complaints received from Shareholders are as follows:

Particular	Number of Complaints
Shareholders Complaints received so far	2
Not resolved to the Satisfaction to the shareholders	Nil
Pending complaints	Nil

Role of the Stakeholders' Relationship Committee covers the areas as contemplated under Regulation 20 and Part D of the Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

D. Risk Management Committee and policy

A Risk Management Committee ("The Committee") comprising of Mr. Nitin Bagamane and Mr. Ravi Kanth Mantha, Independent Directors of the Company, Mr. Nikhil Kumar - Managing Director and Mr. K.G Prabhakar, Director and CFO as members was constituted to assist the Board in identifying existential risks, reviewing mitigation and elimination plans for those risks.

The Company has identified potential risks and required mitigation measures. In the opinion of the Board no risks are identifiable threaten the existence of the company in the near future.

III. Subsidiaries

As per provision of Regulation 24 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, details of the subsidiaries are as follows:

The Company has five Wholly Owned Subsidiaries (WOS) i.e. one Indian and four overseas subsidiaries as detailed below:

Indian Subsidiary

DF Power Systems Private Limited (DFPS) is a non-Listed Indian Subsidiary. Mr. Mohib N Khericha, Mr. Nikhil Kumar and Mr. K. G. Prabhakar are directors of DFPS.

The Board monitors performance of DFPS, inter alia, as follows

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

and arrangements entered into by DFPS is placed before the Company's Board.

This subsidiary does not have income or net worth exceeding 20% of the consolidated income or net worth respectively of TD Power systems Limited - the holding company and its subsidiaries, in the immediately preceding accounting year. Accordingly, it is not a material non listed Indian subsidiary.

Consequent to certain exemptions available under the Companies ACT 2013 (amended from to time) the Companies Board was reconstituted during the year. Consequently Mr. Nithin Bagamane & Mr Ravi Mantha resigned as Directors resigned as Independent directors effective February 13, 2018 & February 22, 2018 respectively.

Overseas Subsidiaries

USA Subsidiary

TD Power Systems (USA) Inc. (TDPS USA) was incorporated on February 20, 2013 as a Delaware Corporation and the principal place of business of the Company located in Ohio, USA. Mr. Mohib N. Khericha and Mr. Nikhil Kumar are Directors of TDPS USA.

The financial statements of TDPS USA are reviewed by the Audit Committee and overall operational performance is reviewed by the Board.

Japan Subsidiary

TD Power Systems Japan Limited (TDPS Japan) was incorporated on March 19, 2013 and principal place of business of the company is located in Tokyo, Japan. Mr. Mohib N. Khericha and Mr. Nikhil Kumar and Mr. T Hosoya are Directors of TDPS Japan. The financial statements of TDPS Japan are reviewed by the Audit Committee and overall operational performance is reviewed by the Board.

German Subsidiary

TD Power Systems Europe GmbH. (TDPS Europe) Office of the company is located at Paul - Ehrlich - Strasse 1a, 63225 Langen. Mr. Nikhil Kumar, Managing Director of TD Power Systems Limited is the Managing Directors of TDPS Europe.

The financial statements of the TDPS Europe are reviewed by the Audit Committee and overall operational performance is reviewed by the Board.

Turkey Subsidiary

TD Power Systems Generator Sanayi Anonim Sirketi was incorporated in Turkey on June 21, 2017 under the Turkish Commercial code and its registered office is located at Esentepe Mahallesi Kore ehitleri Cad. No.37/6

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Susli/Istanbul, Turkey. Mr. Nikhil Kumar, Managing Director and Mr. N. Srivatsa, Company Secretary of TD Power Systems Limited are Directors of TDPS Turkey.

The financial statements of the TDPS Turkey are reviewed by the Audit Committee and overall operational performance is reviewed by the Board.

The Company has formulated a policy on determining material subsidiaries which is available on our website www.tdps.co.in

IV. Related party transaction

During the financial year 2017-18, the Company had no materially significant related party transaction, which

is considered to have potential conflict with the interests of the Company at large.

The Company has formulated a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions. The said policy is made available on the website of the Company www.tdps.co.in.

Details of transactions with related parties are provided in Annexure 2 of the Directors Report in Form AOC 2 as required under the provisions of Section 188 of the Companies Act, 2013 and note No.45 to the Annual Accounts.

V. General Body Meetings

The details of the last three Annual General Meetings held and summary of Special Resolutions passed therein are furnished below:

Financial Year Ended	Date & Time	Venue	Special Resolutions passed
March 31, 2017	September 27, 2017 10.30 AM	Hotel Le Meridien, No. 28, Sankey Road (Opp Bangalore Golf Course), Bangalore 560052	Revision in remuneration payable to Managing Director
March 31, 2016	September 22, 2016 10.30 AM	Hotel Le Meridien, No. 28, Sankey Road (Opp Bangalore Golf Course), Bangalore 560052	Nil
March 31, 2015	September 23, 2015 10.30 AM	Hotel Le Meridien, No. 28, Sankey Road (Opp Bangalore Golf Course), Bangalore 560052	Nil

During the year, no special resolution was passed through postal ballot. None of the businesses proposed to be transacted in the ensuing Annual General Meeting require special resolution through postal ballot.

VI. Means of Communication

Quarterly/Half Yearly/Yearly Results

Pursuant to provisions of the Listing Agreements/ SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, periodical financial results of the Company are being published in widely circulated English newspaper (Business Standard - All India editions) and vernacular Kannada newspaper (Kannada Prabha - Bangalore edition).

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/ SEBI (Listing Obligations and Dis-

closure Requirements) Regulations, 2015 such as Annual Report, Shareholding Pattern and official news/ press releases are filed with BSE on <http://listing.bseindia.com> and with NSE through <https://www.connect2nse.com/LISTING/> (NSE Electronic Application Processing System (NEAPS)) and also on company's website www.tdps.co.in. The Company conducts earnings calls after the board meeting to discuss financial results of the Company for the quarter, half year and year ended. The presentations made to the institutional investors or analysts, if any, are sent to Stock Exchanges and also made available on the website of the Company www.tdps.co.in.

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CORPORATE GOVERNANCE REPORT (CONTD.)

VII. General Shareholder Information

a. Annual General Meeting Date, Time & Venue	Wednesday, 26th September 2018 at 10.30 AM Hotel Le Meridien, 28, Sankey Road, P B No. 174 Opp. to Bangalore Golf Club, Bangalore 560 052, India			
b. Financial Year	A twelve-month period starting from April 1, 2017 to March 31, 2018.			
c. 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.			
d. Date of Book closure	The Company's Register of Members and Share Transfer Book's will be closed from September 21, 2018 to September 26, 2018 (both days inclusive) for the purpose of Annual General Meeting.			
e. Listing on Stock Exchanges	The Equity Shares of the Company are listed on BSE Limited (BSE) and National Stock Exchange of India Ltd (NSE) BSE LIMITED, P J Towers, Dalal Street, Mumbai 400 001 NATIONAL STOCK EXCHANGE OF INDIA LIMITED, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051 The listing fees dues as on the date has been paid to the respective stock exchanges.			
f. Stock Code	BSE – 533553 NSE – TDPOWERSYS			
g. ISIN No.	INE419M01019			
h. Market Price Data	(As per Annexure A)			
i. Stock Performance in comparison to BSE Sensex and NSE Nifty	(As per Annexure B) (As per Annexure B)			
j. Registrar and Transfer Agents (RTA)	Link Intime India Private Limited C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083 Tel No: +91 22 49186000			
k. Share Transfer System	Share transfers are registered and returned in the normal course within a period of 15 days from the date of receipt. Requests for dematerialization of shares are processed and confirmation thereof is given to the respective depositories i.e. National Securities Depository Ltd. (NSDL) and Central Depository Services India Limited (CDSL) within the statutory time limit from the date of receipt of share certificates provided the documents are complete in all respects.			
l. Distribution of shareholding as on March 31, 2018	(As per Annexure C)			
m. Shareholding Pattern as on March 31, 2018	(As per Annexure D)			
n. Dematerialisation of Shares and Liquidity as on March 31, 2018	Description	No. of Holders	No. of Shares	% of Equity
	Physical	1	2	0.00
	NSDL	4644	22440000	67.45
	CDSL	4084	10817586	32.55
	Total	8729	33237588	100.00
o. Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity	No outstanding GDRs/ADRs/Warrants or any Convertible Instruments			

CORPORATE GOVERNANCE REPORT (CONTD.)

p.	Commodity price risk or Foreign exchange risk and hedging activities –	Nil
q.	Registered Office & Factory (Plant Location)	Unit I: # 27, 28 & 29 KIADB Industrial Area, Dabaspeta, Nelamangala Taluk, Bangalore, Karnataka - 562 111 Unit II: Sy. No. 59/2, Yedehalli Village Nelamangala Taluk, Sompura Hobli Dabaspeta, Bangalore, Karnataka - 562 111
r.	Compliance Officer & Company Secretary	N. Srivatsa
s.	Address for correspondence	Shareholders/Beneficial owners are requested to correspond with the Company's RTA (Registrar & Share Transfer Agents) 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 & Factory TD POWER SYSTEMS LIMITED # 27, 28 & 29 KIADB Industrial Area Dabaspeta, Nelamangala Taluk Bangalore, Karnataka - 562 111 Ph.: 080-2299 5700 Fax: 080-2299 5718

Annexure A**Market Price Data: High, Low, close, volume during each month of the financial year 2017-18**

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:

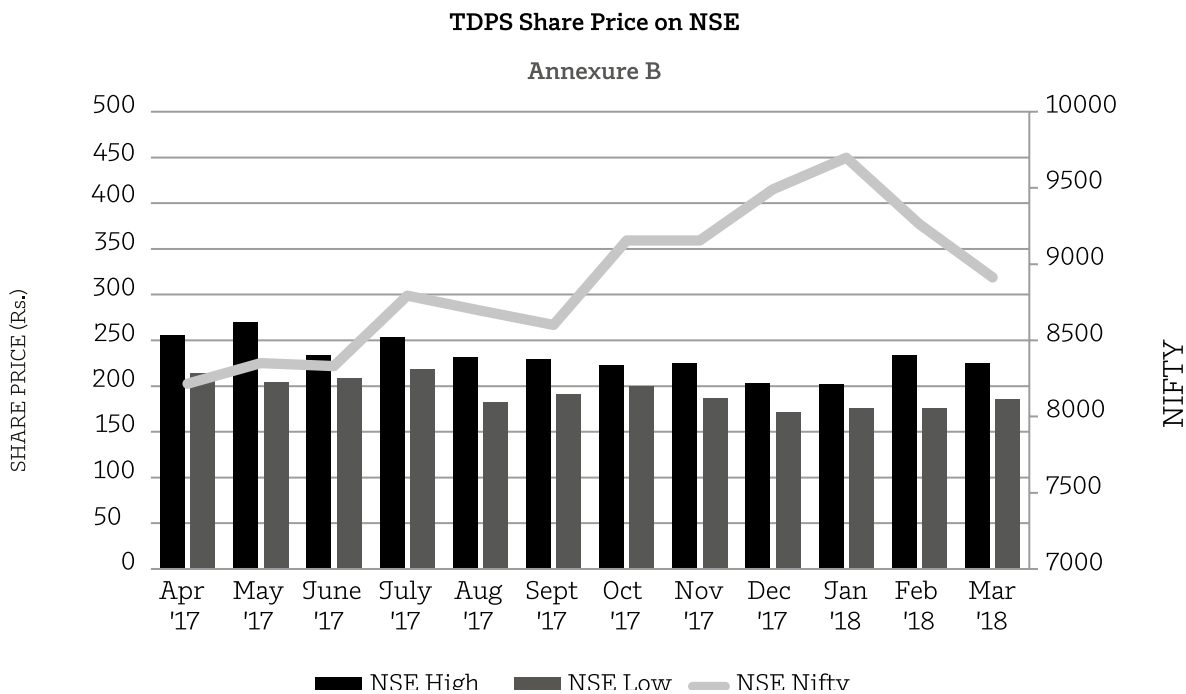
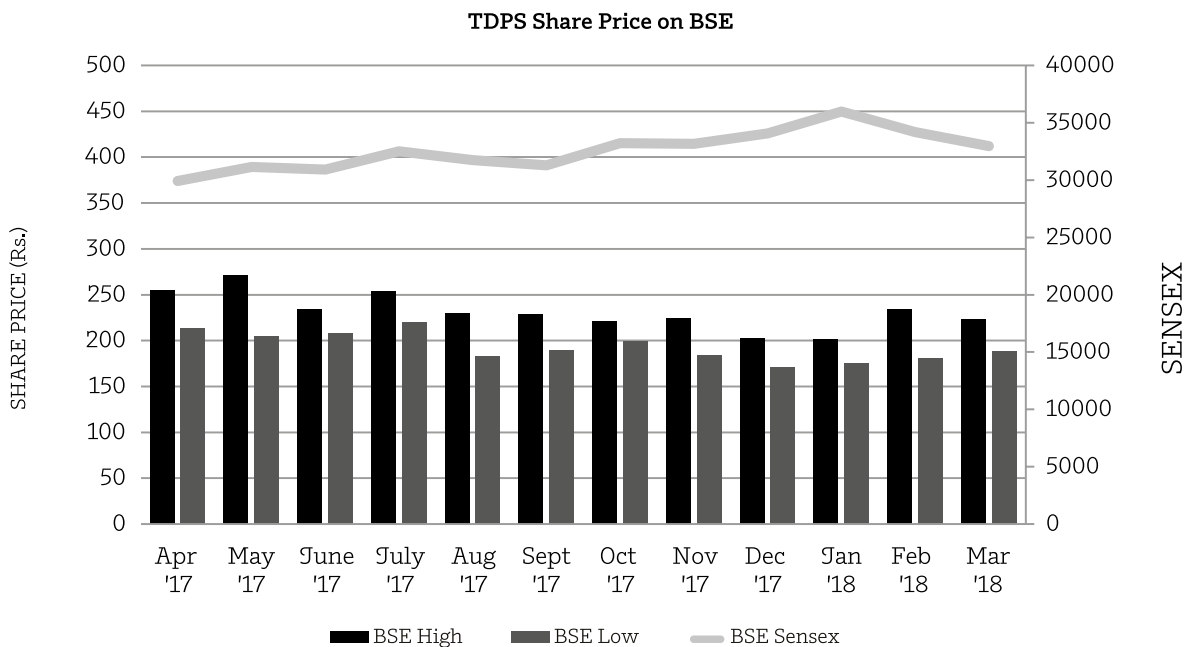
Months	On BSE				On NSE			
	High (Rs.)	Low (Rs.)	Close (Rs.)	Volume	High (Rs.)	Low (Rs.)	Close (Rs.)	Volume
Apr - 17	255.00	213.50	245.70	927213	255.00	214.05	245.70	3257514
May - 17	271.00	204.10	215.15	890907	269.90	204.00	215.45	4128100
Jun - 17	233.60	207.40	227.05	288021	233.00	207.65	227.00	2098524
Jul - 17	253.30	219.55	227.70	747263	252.90	217.55	227.15	3457535
Aug - 17	230.00	183.00	214.10	599167	230.90	182.00	214.35	1687032
Sep - 17	227.90	189.10	201.85	116378	229.00	190.80	201.05	642096
Oct - 17	221.25	198.85	210.00	66817	222.00	199.65	210.80	738198
Nov - 17	223.90	183.25	188.75	194933	224.30	185.95	187.35	1046905
Dec - 17	202.30	170.35	195.25	235650	202.75	171.10	193.30	1217145
Jan - 18	200.95	174.65	188.00	245282	202.00	175.10	190.85	1249462
Feb - 18	233.30	180.05	216.70	258588	233.00	175.05	215.55	1727667
Mar - 18	222.45	188.15	189.70	803185	224.00	185.00	189.95	2310858

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CORPORATE GOVERNANCE REPORT (CONTD.)

Annexure B

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



CORPORATE GOVERNANCE REPORT (CONTD.)

Annexure C

Distribution of shareholding as on March 31, 2018

Shareholding of Nominal Shares	Shareholders	% to Total Shareholders	Total Shares	% of Paid up Capital
1 to 500	7336	84.04	939786	2.83
501 to 1000	650	7.45	516683	1.55
1001 to 2000	328	3.76	499299	1.50
2001 to 3000	131	1.50	335425	1.01
3001 to 4000	66	0.76	231979	0.70
4001 to 5000	50	0.57	232434	0.70
5001 to 10000	71	0.81	525578	1.58
Above 10000	97	1.11	29956404	90.13
Total	8729	100.00	33237588	100.00

Note: The above statement of distribution of shareholding as on 31.03.2018 is as provided by the Registrar & Share Transfer Agents, Link Intime India Private Limited.

Annexure D

Shareholding pattern as on March 31, 2018

Sl. No.	Category	Number of Shares	% of Holding
(A)	Promoters & Promoters Group		
1	Promoters		
(1a)	Individual (Indian Nationals)	8369624	25.18
(1b)	Individual (Foreign National)	3235254	9.73
(1c)	Body Corporate	5026433	15.12
2	Promoters Group	1334252	4.02
	Total (A1 + A2)	17965563	54.05
(B)	Public Shareholding		
1	Mutual Funds	6639379	19.98
2	Foreign portfolio Investors	2042862	6.15
3	Financial Institutions / Banks	39603	0.12
4	Individuals	4191868	12.61
5	Others	2358313	7.09
	Total B	15272025	45.95
	Grand Total (A + B)	33237588	100.00

VIII. Other Disclosure

1. Details of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchange(s)

The equity shares of the Company are listed on BSE Limited, Mumbai and National Stock Exchange of India Limited, Mumbai, and the Company has complied with all the applicable requirements of capital markets and no penalties or strictures have been imposed on the Company by Stock Exchanges, SEBI or any other statutory authority, on any matter relating to the capital markets, during the last three years.

2. Whistle Blower Policy / Vigil Mechanism

The Company is committed to ethical and lawful business conduct which is not only critical to the Company's success, but also a fundamental shared value of its Board of Directors (the "Board"), senior management personnel and employees. Consistent with these principles, the Board has adopted a Code of Business conduct and Ethics (the "Code") as a guide to the principles and standards that should govern the actions of its Board and senior management personnel.

Any actual or potential violation of the Code or any deviation from the key company policies howsoever insignificant or perceived as such, is a matter of

CORPORATE GOVERNANCE REPORT (CONTD.)

serious concern for the Company and should be reported appropriately for remedial / penal action.

To enable reporting (Whistle blowing) of actual or potential violation of the Code or any deviation from the key company policies, a fair and proactive mechanism is imperative fortified by an appropriate protection policy.

This Whistle Blower Policy & Vigil Mechanism ("the Policy" or "this Policy") has been formulated with a view to provide a mechanism for Directors/Employees of the Company to approach the Chairperson of the Audit Committee of the Company or Chairman of the Company. Vigil Mechanism as envisaged in the Companies Act, 2013 and the Rules prescribed is implemented through this Whistle Blower Policy to provide for adequate safeguards to the whistle blowers against victimization of persons who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee in terms of Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 and Section 177 of the Companies Act, 2013. The above policy is available on Company's website www.tdps.co.in.

3. CEO / CFO Certification

As required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 / LODR, for the year ended March 31, 2018. The said certificate forms part of this report.

4. Compliance certificate from Practicing Company Secretary

As required by Schedule V of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (LODR), the certificate from Mr. Sudhir V. Hulyalkar, Practicing Company Secretary, Bangalore, confirming compliance of conditions on Corporate Governance as per LODR is form part of this report.

5. Accounting treatment in preparation of Financial Statements (Ind As)

The guidelines / Accounting Standards (AS) laid down by the Institute of Chartered Accountants of India (ICAI) and prescribed under Section 133 of the Companies Act, 2013 have been followed in preparation of the financial statements of the Company in all material respects.

6. Code for prevention of Insider Trading/Fair Disclosure

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015 ("SEBI PIT Regulations"), the Company has adopted a Code for Prevention of Insider Trading. The objective of the code is to restrict an insider from dealing in the shares of the Company either directly or indirectly when in possession of unpublished

price sensitive information (UPSI) and also to restrict communication of such UPSI. The code is applicable to the directors and designated employees. The code enumerates the procedure to be followed for dealing in the shares of the Company and periodic disclosures to be made. It also restricts the insiders from dealing in the company's shares during the period when the 'Trading Window' is announced closed. The Company Secretary has been designated as the Compliance Officer.

In terms of the SEBI PIT Regulations a Code of practices and procedures for fair disclosure of unpublished price sensitive information has been formulated by the Company and available on company's website www.tdps.co.in.

7. Management Discussion and Analysis Report

The Management Discussion and Analysis report forms part of Directors' Report as Annexure 9.

8. Board Diversity

The Company recognises the benefits of a Board that possesses a balance of skills, experience, expertise and diversity of perspectives appropriate to the requirements of the business of the Company.

The Company maintains that Board appointment should be based on merit that complements and expands the skills, experience and expertise of the Board as a whole, taking into account gender, age, professional experience and qualifications, cultural and educational background, and any other factors that the Board might consider relevant and applicable from time to time towards achieving a diverse Board.

The Nomination and Remuneration Committee (the "Committee") is responsible for reviewing and assessing the composition and performance of the Board, as well as identifying appropriately qualified persons to occupy Board positions.

The Board of Directors of the Company have an optimum combination of Executive and Non-Executive Directors with at least one Woman Director and the composition of the Board shall be in accordance with requirements of the Articles of Association of the Company, the Companies Act, 2013, Listing Regulation and the statutory, regulatory obligations of the Company. The Board Diversity Policy is available on company's website www.tdps.co.in.

9. E-Voting

In compliance of the Companies Act, 2013 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 the Company provides e-voting facility to its shareholders, in respect of all shareholders' resolutions, to be passed at General Meeting. The procedure / instructions for e-voting are included in the Notice of the ensuing Annual General Meeting of the Company.

CORPORATE GOVERNANCE REPORT (CONTD.)

10. Mandatory Requirements

The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (m) and (o) of sub regulation (2) of Regulation 46 of the Listing Regulations. The company has complied compliance requirement of corporate governance under Sub para 2 to 10 of corporate governance report in respect of schedule V of LODR.

11. Discretionary Requirements

The status of adoption of the discretionary requirements as specified in Regulation 27(1) of the Listing Regulations are as follows

Separate posts of Chairman and CEO – The Chairman and Managing Director/ CEO are two separate persons.

Reporting of Internal Auditor - The Internal Auditor reports directly to the Audit Committee.

Audit Qualifications - The Company has unqualified financial statements for the financial year 2018

11. Information through Company's Website

The disclosure as stipulated under Clause (b) to (i) of Regulation 46(2) of the SEBI LODR has been disseminated on the company's website.

For and on behalf of the Board of Directors

Mohib N. Khericha Chairman
Nikhil Kumar Managing Director

Bangalore
May 23, 2018

K. G. Prabhakar Director & CFO
N. Srivatsa Company Secretary

Compliance certificate by Chief Executive Officer and Chief Financial Officer as per Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

**The Board of Directors
TD Power Systems Limited (Company)**

27, 28 & 29, KIADB Industrial Area
Dabaspet, Nelamangala Taluk
Bangalore 562 111

This is to certify that

- A. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2018 and that to the best of our knowledge and belief
1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading
 2. 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. That there have been no significant changes in internal control over financial reporting during the year;
 - ii. That there have been no significant changes in accounting policies during the year needing specific disclosure in the notes to the financial statements; and
 - iii. There have been no instances of significant fraud of which we have become aware and confirmed that no member of the management or an employee having a significant role in the Company's internal control system over financial reporting is involved therein.

Nikhil Kumar
Managing Director

Bangalore
May 23, 2018

K. G. Prabhakar
Director & CFO

CORPORATE GOVERNANCE REPORT (CONTD.)

Declaration pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, regarding adherence to the Code of Business Conduct and Ethics

The Board of Directors

TD Power Systems Limited (Company)

27, 28 & 29, KIADB Industrial Area

Dabaspet, Nelamangala Taluk

Bangalore 562 111

On the basis of the written declarations received from members of the board and senior management personnel in terms of Regulation 26(3) read with Schedule V of Para D of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is hereby certified that, for the year ended March 31, 2018, 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 23, 2018

Nikhil Kumar
Managing Director

Certificate on Corporate Governance

To

The Members,

TD Power Systems Limited

Bangalore

I have examined the compliance of conditions of corporate governance, as stipulated in Securities and Exchange Board India (Listing Obligations and Disclosure Requirements) Regulations, 2015 by TD Power Systems Limited (the Company) for the year ended on March 31, 2018.

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 the 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 applicable conditions of Corporate Governance as stipulated in the Securities and Exchange Board India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 23, 2018

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

STANDALONE FINANCIAL STATEMENTS

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

To
THE MEMBERS OF
TD POWER SYSTEMS LIMITED

Report on the Standalone Financial Statements.

We have audited the accompanying standalone financial statements of TD Power Systems Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.

This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone 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 of the standalone financial statements 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 standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone 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 standalone 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 31st March, 2018, and its profit, total comprehensive income, its changes in equity and its cash flows for the year ended on that date.

Emphasis of Matter

As stated in Note 52 no provision for impairment in the carrying value of investments is considered necessary by the management for the reasons stated therein.

Our opinion is not modified in respect of the above matter.

Other Matters

Attention is invited to the following:

- i. We did not audit the financial statements of Japan Branch included in the standalone financial statements of the Company whose financial statements reflect total assets of Rs.2,752.49 lakhs as at 31st March, 2018 and total revenues of Rs.5,565.61 lakhs for the year ended on that date, as considered in the standalone financial statements. The financial statements of the Branch have 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.

INDEPENDENT AUDITORS' REPORT (CONTD.)

ii. The comparative financial information of the company for the year ended 31st March, 2017 included in the standalone financial statements are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006, audited by the predecessor auditor who has given an unmodified opinion on those financial statements and have been restated by the company to comply with Ind AS. Adjustments to the said comparative financial information for the differences in Accounting Principles adopted by the Company on transition to the Ind AS have been audited by us.

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 section 143(11) of the Act, we give in the 'Annexure A' a statement on the matters specified in the paragraph 3 and 4 of the said Order, to the extent applicable.

2. As required by 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 purposes 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;
- c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- e. On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. 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**'; and
- g. With respect to the other matters to be included in the Auditor's 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 has disclosed pending litigations on its financial position in its standalone financial statements, the impact if any on the final settlement of these litigations is not ascertainable at this stage - Refer Note No. 36 of standalone financial statements;

ii. The Company has made provision as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year.

For **VARMA & VARMA**
Chartered Accountants
FRN 004532S

K.P.SRINIVAS

Partner

Membership No. 208520

Bangalore
May 23, 2018

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' OF OUR INDEPENDENT AUDIT REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF TD POWER SYSTEMS LIMITED FOR THE YEAR ENDED 31ST MARCH 2018

I. In respect of its Property, plant and equipment:

- (a) The Company has maintained proper records which are showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a programme of physical verification of Property, plant and equipment of the Company, which in our opinion, is reasonable having regard to the size of the Company and nature of its assets. According to the information and explanations given to us, there were no material discrepancies identified on such verification when compared with available records of the company, the minor discrepancies identified during physical verification have been properly dealt within the books of account.
- (c) According to the information and explanations given to us and as per verification of the records of the Company, the title deeds of the immovable properties, are held in the name of the Company as at the balance sheet date.

II. The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification.

III. According to the information and explanations given to us, the Company has granted unsecured loans to wholly owned foreign subsidiaries which are covered in the register maintained under section 189 of the Act.

- a. The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.
- b. The schedule of repayment of principal and payment of interest has been stipulated, the interest and the loans are renewed on maturity.
- c. There is no overdue amount remaining outstanding as at the balance sheet date.

IV. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of the section 185 and 186 of the Act in respect of the investments made, loans granted. The Company has not given any guarantees and securities to directors.

V. According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year. Accordingly, the provisions of paragraph 3(v) of the Order is not applicable.

VI. We have broadly reviewed the books of account and records maintained by the Company pursuant to the

Rules made by the Central Government, for the maintenance of cost records under Section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.

VII.

(a) According to the information and explanations given to us and as per our verification of the records of the Company, the Company has been generally regular in depositing undisputed statutory dues including Provident fund, Employee's State Insurance, Income Tax, Sales Tax, VAT, Custom Duty, Excise Duty, Service Tax, Value Added Tax, Cess and other statutory dues with the appropriate authorities during the year to the extent applicable. There are no arrears of undisputed statutory dues of a material nature outstanding as at the last day of the financial year for a period of more than six months from the date on which they became payable.

(b) According to the information and explanations given to us and as per our verification of the records of the Company, no disputed amounts of Income tax or sales tax or Goods and service tax or duty of custom or duty of excise or value added tax or cess have not been deposited with appropriate authorities as at 31st March 2018, except for the following:

Name of the Statute	Nature of the dues	Amount (Rs. In Lakhs)	Period (financial year) to which the amount relates to	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	15.80	2012-13	Commissioner of Income Tax (Appeals)

VIII According to the information and explanations given to us and as per our verification of the records of the Company, the Company has not defaulted in repayment of its dues to the banks and financial institution.

IX. According to the information and explanation given to us and as per our verification of records of the Company, the Company has not raised money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the provisions of paragraph 3(ix) of the Order is not applicable.

X. According to the information and explanations given to us and as per our verification of records of the Company, no material fraud either by the Company or on the

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT (CONTD)

Company by its officers and employees has been noticed or reported during the year.

XI. According to the information and explanations given to us and as per our verification of records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of the Section 197 read with Schedule V of the Act.

XII. In our opinion and according to the information given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

XIII. According to the information and explanations given to us and as per our verification of records of the Company, transactions with the related parties are in compliance with the sections 177 and 188 of the Act and details of such transactions have been disclosed in the standalone financial statements as required by the applicable Accounting Standards.

XIV. According to the information and explanations given to us and as per our verification of records of the Company, the Company has not made preferential

allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.

XV. According to the information and explanations given to us and as per our verification of records of the Company, the Company has not entered into non-cash transactions with the directors or persons connected with the directors. Accordingly, paragraph 3 (xv) 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 **VARMA & VARMA**
Chartered Accountants
FRN 004532S

K.P.SRINIVAS
Partner
Membership No. 208520

Bangalore
May 23, 2018

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

ANNEXURE REFERRED TO IN PARA 2 (F) "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF THE INDEPENDENT AUDITOR'S REPORT OF 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 **TD Power Systems Limited** ("the Company") as of 31 March 2018 in conjunction with our audit of the standalone Ind AS 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 issued by the Institute of Chartered Accountants of India. 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 Companies Act, 2013.

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 on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 judgment, including the assessment of the risks of material misstatement of 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 31 March 2018, based on the internal control over financial reporting criteria established by the Company including basis of allocating expenses to various projects considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **VARMA & VARMA**

Chartered Accountants

FRN 004532S

K.P.SRINIVAS

Partner

Membership No. 208520

Bangalore
May 23, 2018

BALANCE SHEET AS AT MARCH 31, 2018

Amount in ₹ Lakhs

	Note No.	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
ASSETS							
Non - current assets							
Property, Plant and Equipment	2	20,967.45		23,048.23		25,359.53	
Capital work in progress	3	0.63		3.03		0.63	
Intangible assets Other than Goodwill	4	345.84		246.31		369.46	
Intangible assets under development	5	62.00		65.63		65.63	
Financial assets							
Investments	6	1,652.09		1,465.37		1,335.55	
Loans	7	869.32		515.52		460.88	
Other financial assets	8	7,693.98		11,081.24		8,968.83	
Other non-current assets	9	1,716.97	33,308.28	1,453.44	37,878.77	1,473.56	38,034.07
Current Assets							
Inventories	10	8,064.85		7,998.23		8,033.04	
Financial assets							
Trade receivables	11	18,830.94		15,614.75		13,374.76	
Cash and cash equivalents	12	4,248.69		2,800.90		4,615.59	
Bank balances other than Cash and Cash equivalents	13	4,201.69		6,300.00		6,588.75	
Other financial assets	14	1,223.69		1,050.62		278.52	
Other current assets	15	1,811.84	38,381.70	1,709.58	35,474.08	2,977.35	35,868.01
Total		71,689.98		73,352.85		73,902.08	
EQUITY AND LIABILITIES							
Equity							
Equity Share Capital	16	3,323.76		3,323.76		3,323.76	
Other Equity	17	45,352.79	48,676.55	44,823.35	48,147.11	46,025.48	49,349.24
Non - current liabilities							
Provisions	18	352.39		465.93		452.83	
Deferred tax liabilities (Net)	19	942.96	1,295.35	1,140.31	1,606.24	1,144.13	1,596.96
Current Liabilities							
Financial Liabilities							
Short-term Borrowings	20	6,860.26		4,534.28		2,764.15	
Trade payables	21	9,763.84		10,346.96		11,031.04	
Other financial liabilities	22	2,903.67		4,100.50		5,637.00	
Other current liabilities	23	1,525.97		4,016.16		2,927.63	
Provisions	24	331.32		268.58		294.60	
Current tax liability - Net	25	333.02	21,718.08	333.02	23,599.50	301.46	22,955.88
Total		71,689.98		73,352.85		73,902.08	

The accompanying notes forms an integral part of the financial statements

For and on behalf of Board of Directors

Mohib N. Khericha
Chairman

Nikhil Kumar
Managing Director

K. G. Prabhakar
Director & Chief Financial Officer

N. Srivatsa
Company Secretary

This is the balance sheet referred to in our report of even date attached

For **Varma & Varma**
Chartered Accountants
Firm Registration No. 004532S

K P Srinivas
Partner
Membership No.208520

Place: Bangalore
Date: May 23, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

	Note No.	Year ended 31.03.2018	Year ended 31.03.2017
Revenue from Operations	26	43,532.58	39,982.70
Other Income	27	1,640.59	1,794.18
Total Revenue		45,173.17	41,776.88
Expenses			
Cost of materials consumed	28	28,763.29	21,870.38
Purchases for Project Business	29	3,158.31	2,699.96
Changes in inventories of finished goods, work in progress and stock in trade	30	(854.27)	228.09
Excise Duty on sale of goods	31	288.98	3,036.68
Employee benefits expense	32	6,525.82	5,895.56
Finance costs	33	662.13	406.17
Depreciation and amortization expense	34	2,705.54	2,772.21
Other expenses	35	4,425.90	4,755.78
Total Expenses		45,675.70	41,664.83
Profit/(loss) before exceptional items and tax		(502.53)	112.05
Exceptional Items (Refer Note No.51)		(2,213.98)	-
Profit/(loss) before tax		1,711.45	112.05
Tax expense:			
Current tax		675.00	75.72
Deferred tax		(202.84)	(3.82)
Profit/(loss) for the year		1,239.29	40.15
Other comprehensive income			
<u>Items that will not be reclassified to profit or loss</u>			
Remeasurement of Defined Benefit Plans	41	15.70	(33.87)
Income tax on Defined Benefit Plans			
- Current Tax		-	11.72
- Deferred Tax		(5.48)	-
Total		10.22	(22.15)
Total comprehensive income for the Year		1,249.51	18.00
Earnings per equity share of Rs. 10/- each:			
Basic & Diluted	42	3.73	0.12

The accompanying notes forms an integral part of the financial statements

For and on behalf of Board of Directors

Mohib N. Khericha
Chairman

Nikhil Kumar
Managing Director

K. G. Prabhakar
Director & Chief Financial Officer

N. Srivatsa
Company Secretary

This is the statement of profit and loss referred to in our report of even date attached

For **Varma & Varma**
Chartered Accountants
Firm Registration No. 004532S

K P Srinivas
Partner
Membership No.208520

Place : Bangalore
Date : May 23, 2018

STATEMENT OF CHANGES IN EQUITY AS AT MARCH 31, 2018

Amount in ₹ Lakhs

A. Equity share capital		
Equity shares of Rs. 10 each issued, subscribed and fully paid		
As at 1st April 2016		3,323.76
Issue of share capital		-
As at 31st March 2017		3,323.76
Issue of share capital		-
As at 31st March 2018		3,323.76

B. Other equity

	Reserves and surplus			Total
	Securities premium account	General reserve	Retained earnings	
As at 1st April 2016	22,075.88	2,939.63	21,009.97	46,025.48
Profit for the year 1st April 2016 to 31st March 2017	-	-	40.15	40.15
Less: Reclassification of FCTR of foreign subsidiary	-	-	(22.15)	(22.15)
Dividend including Dividend distribution tax	-	-	(1,220.13)	(1,220.13)
As at 31st March 2017	22,075.88	2,939.63	19,807.84	44,823.35
As at 1st April 2017	22,075.88	2,939.63	19,807.84	44,823.35
Profit for the year 1st April 2017 to 31st March 2018	-	-	1,239.29	1,239.29
Less: Reclassification of FCTR of foreign subsidiary	-	-	10.22	10.22
Dividend including dividend distribution tax	-	-	(720.07)	(720.07)
As at 31st March 2018	22,075.88	2,939.63	20,337.28	45,352.79

The accompanying notes forms an integral part of the financial statements

For and on behalf of Board of Directors

Mohib N. Khericha
Chairman

Nikhil Kumar
Managing Director

K. G. Prabhakar
Director & Chief Financial Officer

N. Srivatsa
Company Secretary

This is the statement of Changes in Equity referred to our report of even date attached

For **Varma & Varma**
Chartered Accountants
Firm Registration No. 004532S

K P Srinivas
Partner
Membership No.208520

Place : Bangalore
Date : May 23, 2018

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

	Year ended 31.03.2018		Year ended 31.03.2017	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax		1,711.45		112.05
Adjustments for				
Depreciation	2,550.81		2,649.05	
Amortisation	154.73		123.16	
(Profit) / Loss on dis posal of property, plant and equipments	0.24		0.08	
Deferred Revenue	20.47		(2.00)	
Dividend Income	(0.06)		(0.06)	
Interest Income	(1,064.34)		(1,767.13)	
Interest Payments	662.13		406.17	
Interest income on financial liability	(0.06)		(0.14)	
Acturial Loss/(gain)	-		(33.87)	
Unrealised Foreign Exchange Loss (net)	207.04		68.99	
Provision for Warranty Claims	33.52		(45.77)	
Provision for Leave Encashment	2.51	2,566.99	23.59	1,422.07
Operating profit before Working Capital Changes		4,278.44		1,534.12
Adjustments for				
Decrease/(Increase) in trade receivables	(3,104.88)		(2,381.22)	
Decrease/(Increase) Other Receivables	4,263.65		(1,293.60)	
(Increase) / Decrease in Inventories	(66.62)		34.81	
(Decrease)/Increase in Trade Payables and Other Payable	(3,765.22)	(2,673.07)	(495.51)	(4,135.52)
Cash generated from Operations		1,605.37		(2,601.40)
Direct Taxes Paid including TDS	(559.12)	(559.12)	(559.98)	(559.98)
Net Cash Flow from Operating Activities		1,046.25		(3,161.38)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Payment for property,plant and equipments	(719.17)		(349.98)	
Proceeds from disposal of property,plant and equipments	0.68		9.75	
Investments in subsidiary by way of subscription to equity shares	(186.73)		(129.82)	
Loan given to subsidiary	(329.69)		(45.31)	
Dividend Received	0.06		0.06	
Interest Received	965.61		1,713.15	
Net Cash used in investing activities		(269.24)		1,197.85
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Working Capital borrowings (net)	1,948.21		(1,770.13)	
Interest Paid	(662.13)		(406.17)	
Dividend Paid, including dividend tax	(720.07)		(1,220.12)	
Net Cash flow from financing activities		566.01		143.84
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies		104.77		5.00
Net increase/decrease in cash and cash equivalents		1,447.79		(1,814.69)
Cash and cash equivalents at the beginning of the year		2,800.90		4,615.59
Cash and cash equivalents at the end of the year		4,248.69		2,800.90

CASH FLOW STATEMENT (CONTD.)

Amount in ₹ Lakhs

	Year ended 31.03.2018	Year ended 31.03.2017
Cash and cash equivalents at the end of the year- Constitute		
- Balances with banks		
In current accounts	2,348.44	2,596.35
In EEFC Account	1,898.98	199.61
Cash on hand	0.42	3.65
Other bank balances	0.85	1.29
	4,248.69	2,800.90

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

The accompanying notes forms an integral part of the financial statements

For and on behalf of Board of Directors

Mohib N. Khericha
Chairman

Nikhil Kumar
Managing Director

K. G. Prabhakar
Director & Chief Financial Officer

N. Srivatsa
Company Secretary

This is the cash flow statement referred to in our report of even date attached

For **Varma & Varma**
Chartered Accountants
Firm Registration No. 004532S

K P Srinivas
Partner
Membership No.208520

Place : Bangalore
Date : May 23, 2018

SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2018

Corporate Information

The Company is incorporated and domiciled in India. Consequent to a Special Resolution of the Members, passed at the Company's Extra Ordinary General Meeting held on 17th January 2011, the Company was 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 was issued by the Registrar of Companies, Karnataka. The registered office of the Company is located at Dabaspeta, Nelamangala Taluk, Bangalore - 562 111. The Company is engaged in manufacturing AC Generators and Electric Motors for various applications which are specifically designed and tailor-made to suit the needs of the customers based on their requirements and specifications.

The financial statements for the year ended March 31, 2018 were approved by the Board of Directors and authorised for issue on May 23, 2018.

The company's subscription to the Share Capital of its Wholly Owned Subsidiaries included in investment under non-current assets as at 31st March 2018 are as follows: -

- a. 80,100 Equity Shares of USD 10 each in TD Power Systems USA Inc, USA
- b. 2,000 Equity Shares of JPY 10,000 each in TD Power Systems Japan Limited, JAPAN
- c. 5,50,000 * Equity Shares of Euro 1 each in TD Power Systems Europe GmbH, EUROPE (*erstwhile Platin 1255 GmbH acquired by the company during January 2016)
- d. 59,99,998 Equity Shares of Rs.10 each in D F Power Systems Private Limited (excluding two shares beneficially held by the Directors of the Company)
- e. 1,893 Equity Shares of Turkish Lira 100 each in TD Power System Jenerator Sanayi Anonim Sirketi which was incorporated on 21st June 2017

1

1.1 Statement of Compliance

- a. In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time with effect from April 1, 2017. In accordance with Ind AS 101 First time adoption of Indian Accounting Standard, the company has presented a reconciliation from the presentation of financial statements under previous GAAP to Ind AS shareholder's equity as at March 31, 2017 and April 1, 2016.
- b. Upto the year ended March 31, 2017, the company prepared its financial statements in accordance with the requirements of previous GAAP, which includes standards notified under the Companies

(Accounting Standards) Rules, 2006. The Company has adopted all Ind AS and the adoption was carried out in accordance with 'Ind AS 101 - First time adoption of Indian Accounting Standards'. These financial statements are the first financial statements of the Company under Ind AS. The date of transition to Ind AS is April 1, 2016. Refer note-37 for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows and for the details of first-time adoption exemption availed by the Company.

1.2 Basis of preparation of financial statements

The financial statements have been prepared on going concern basis and on accrual method of accounting. Historical cost is used except for certain financial assets and liabilities that are measured at fair values at the end of each reporting period, as explained in accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The standalone financial statements are presented in Indian Rupees ('Rs./₹') and all values are rounded to the nearest lakhs (INR 00,000), except when otherwise indicated.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

1.3 Use of estimates and judgements

The preparation of the financial statements in conformity with recognition and measurement principles of Ind AS requires management of the Company to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses for the period presented. Application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these financial statements have been disclosed in Note 1.5. Accounting estimates could change from period to period and have actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

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

1.4 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

a. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

b. A liability is treated as current when it is:

- Expected to be settled in normal operating cycle
- Held primarily for the purpose of trading
- Due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

c. Deferred tax assets/liabilities are classified as non-current assets/liabilities.

d. Based on the nature of products/activities of the Company and the normal time between acquisition of the assets and the realization in cash and cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

1.5 Critical accounting estimates

a. Revenue Recognition:

The Company uses the percentage-of-completion method in accounting for its service contracts. Use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

b. Property, Plant and Equipment:

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an

estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

c. Intangible Assets

The capitalization of cost in intangible asset under development is based on judgement of the management that technological and economical feasibility is confirmed and that the assets will generate economic benefits in future. Based on evolution carried out the Company's management has determined that there are no factors which indicate that these assets have suffered any impairment loss.

d. Investment in subsidiaries

The Company reviews its carrying value of investments carried at cost annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for. The management of the Company is confident that the investment does not require further impairment based on the future projection and also considering the fact that some of the subsidiaries are at early stage of their operations.

e. Valuation of deferred tax assets

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy for the same has been explained under Note 1.15.

f. Provision and Contingent liability

The Company reviews pending cases, claims by third party and other contingencies, if any on an on-going basis. For contingent losses that are considered probable, estimated loss is recorded as an accrual in financial statements. Loss contingencies that are considered possible are not provided for but disclosed in the financial statements as contingent liabilities. Contingencies the likelihood of which are remote, are not disclosed in the financial statements. Gain contingencies are not recognized until the contingencies are resolved and the amounts are received or recoverable.

g. Provision for Credit loss

The Company reviews the position of trade receivable and ascertains a provision for life time credit loss after considering the industry and economic conditions in which customer operate, the profile of the customer and the past experience.

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

SIGNIFICANT ACCOUNTING POLICIES

1.6 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, and value added tax/GST.

The Company recognizes revenue from sale of goods when the following criteria have been satisfied:

- a. The entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- b. The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- c. The amount of revenue can be measured reliably;
- d. It is probable that the economic benefits associated with the transaction will flow to the entity; and
- e. The costs incurred or to be incurred in respect of the transaction can be measured reliably.

i. Timing of recognition

Revenue from Sale of Manufactured goods and in case of project business is recognized on shipment to customers or acceptance by the customers. On Service contracts, revenue is recognised based on the estimates made on completion as at the end of the reporting period.

ii. Measurement of revenue

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

Dividend Income

Revenue is recognised when the Company's right to receive the payment is established.

Interest Income

Interest income is recognised using effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of financial asset.

1.7 Export Incentives

Export incentives are recognized in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of exports made and when there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

1.8 Property, plant and equipment

Initial Measurement

Free hold land is carried at historical cost. All items of Property, plant and equipment's are carried at cost of acquisition /construction net of recoverable taxes, less accumulated depreciation/amortization and impairment losses, if any. The cost includes incidental expenses relating to the acquisition and finance cost till assets are put to use, are capitalized. Stores, spares and parts which can be used only in connecting with an item of plant or equipment and whose useful life is expected to be irregular are capitalized and depreciated over the useful life of the principal item of the relevant assets.

Property, Plant and Equipment manufactured internally are capitalized at factory cost.

Capital work in progress:

Property, Plant and Equipment which are not yet ready for their intended use are carried at cost, comprising direct cost and related incidental expenses. Advances paid towards acquisition of PPE outstanding at each balance sheet date are classified as Capital advances under other non-current assets.

Depreciation and amortization

i. Depreciation on Property, Plant and Equipments is provided using straight line method (SLM) with reference to the estimated useful life of the Property, Plant and Equipment less its residual value as prescribed under Schedule II of The Companies Act 2013, or useful life of the asset as estimated by the management, whichever is lower. Property, Plant and Equipment costing below Rs. 5,000/- are depreciated fully. Depreciation is charged for complete quarter on addition / deletion.

ii. Freehold land is not depreciated.

iii. Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use.

The estimated useful lives are as mentioned below:

Type of asset	Useful life
Factory buildings	30 Years
Non-factory buildings	60 Years
Plant & Machinery - Double shift basis	10 Years
Office equipment's	5 Years
Furniture and fixtures	10 Years
Computers	3 Years
Computers Server	6 Years
Communication Equipment	5 Years
Motor Vehicles	8 Years

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

Derecognition

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in statement of profit or loss.

1.9 Intangible Assets

Intangible assets with finite lives that are acquired are carried at cost or fair value as of the date of acquisition, as applicable, less accumulated amortization and accumulated impairment losses, if any. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets consist of technical knowhow/license fees which are amortized over a period of 5 years on a straight-line basis being the estimated useful life.

1.10 Research & Development

Expenditure on research 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.

Development costs are capitalized only after the technical and commercial feasibility of the asset for sale or use has been established.

Capital Expenditure is categorized and disclosed separately as Research & Development Property, Plant and Equipment and depreciation is charged as disclosed in para 1.8 above.

1.11 Impairment of Assets

a. Financial assets (other than at fair value)

The Company assesses at the end of each reporting period, whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

b. Non-financial assets

Tangible and intangible assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.

1.12 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 and includes material cost, carriage inward, insurance and purchase related expenses. Cost in respect of work in progress and finished goods include appropriate portion of overhead. Net realizable value represents the estimated selling price for inventory less all estimated cost of completion and cost necessary to make the sale.

1.13 Employee benefits

Employee benefits includes provident fund, pension fund, employee state insurance scheme, compensated absences and gratuity.

a. Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by the employees are recognized during the year when the employee render the service. These benefits includes performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related services.

b. Long-term employee benefits

Long term employee benefits include compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation as at balance sheet date less the fair value of the plan assets, if any out of which the obligations are expected to be settled.

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

c. Defined benefit plans

For defined benefit plans in the form of Gratuity (funded), the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at the end of each reporting period, taking effect of actuarial gains and losses which is recognised in Other Comprehensive Income. The amount is funded to gratuity fund administered by the trustees and managed by Life Insurance Corporation of India.

Re-measurement of net defined benefit liability/asset pertaining to gratuity comprise of actuarial gains/ losses (i.e. changes in the present value resulting from experience adjustments and effects of changes in actuarial assumptions) and is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to statement of profit or loss.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expenses in the statement of profit and loss.

Past service cost is recognized immediately in the statement of profit and loss. The benefits obligation in respect of gratuity recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for present value plan assets including refunds and reductions if any available as against future contributions to the scheme.

d. Defined contribution plans

The Company has contributed to provident fund and employee state insurance scheme which is defined contribution plan. The contribution paid/payable under the scheme is charged to Statement of Profit and loss during the year in which an employee renders the related service. Company has no further obligation beyond making the payment.

- e.** Termination benefits are recognized as an expense as and when incurred.

1.14 Leases**Finance lease**

Assets taken on lease by the Company in its capacity as lessee, where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Such leases are capitalized at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is recognised for an equivalent amount. Each lease rental

paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Operating lease

Lease arrangements other than a finance lease, are recognised as Operating lease. Operating lease payments are recognised on a straight-line basis over the lease term in the statement of profit and loss, unless the increase is on account of expected general inflation. Such increases are recognised in the year in which such increases accrue.

1.15 Income taxes

The Company's major tax jurisdictions is in India. Significant judgement are involved in determining the provision for income tax credits, including the amount to be paid or refunded.

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in statement of profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

a. Current Income Taxes

The current income tax expense includes income taxes payable by the Company and its overseas branches. Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on a net basis or where it has legally enforceable right to set off the recognized amount.

b. Deferred Income Taxes

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount.

Deferred income tax asset is recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits including credit in respect of minimum alternate tax (MAT) and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

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

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

1.16 Foreign Currency

a. Functional and presentation currency

The Standalone financial statement is presented in Indian Rupee (Rs/₹), which is also the Company's functional currency. Transaction in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date, the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate, if the average approximates the actual rate the date of the transaction.

b. Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying foreign currency exchange rates between the reporting currency and the foreign currency prevailing at the dates of the transactions.

c. Measurement of foreign currency monetary items and Non-monetary items at the balance sheet date

Monetary items outstanding at the balance sheet date are restated at the rate as on reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are not restated and hence is reported using the exchange rate prevailing at the date of transactions.

d. Treatment of exchange differences on monetary items

Exchange differences arising on settlement/restatement of foreign currency assets and liabilities of the Company are recognized as income or expense in the statement of profit and loss in the period in which they arise.

e. In respect of overseas branch, financial statements are translated as if the transactions are those of the Company itself i.e. Indian Rupees (INR) as the functional currency since overseas branch are primarily involved in selling/marketing goods manufactured by the Company in India.

1.17 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of any entity and a financial liability or equity instrument of another entity. Financial assets and liabilities are recognized when the Company

becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

i. Cash & Cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

ii. Financial assets at amortized cost

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii. Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in statement of profit and loss.

iv. Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, for trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments. Financial liabilities at Fair value through profit and Loss are stated at fair value, with any gains or losses arising on re-measurement in Profit and loss statement.

v. Equity Instrument

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a company are recognised at the proceeds received, net of issue costs.

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

vi. De-recognition of financial instruments

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized when the obligation specified in the contract is discharged or cancelled or expires.

vii. Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. In respect of trade receivables, the Company applies simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

viii. Investments in subsidiary

Investments in subsidiary are carried at cost less accumulated impairment, if any.

ix. Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses following hierarchy and assumptions that are based on market conditions and risks existing at each reporting date.

Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

1.18 Accounting for Derivatives

Derivatives are initially recognized at fair value and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gains/losses is recognized in the statement of profit and loss of that period.

1.19 Borrowing Cost

General and specific borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period that is required to complete and prepare the asset for its intended use. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are charged to statement of Profit and Loss in the period in which they are incurred.

1.20 Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

1.21 Cash Flow statement

Cash flows are reported using Indirect method, whereby profit for the period is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, financing and investing activity of the company are segregated.

1.22 Provision and contingencies

A Provision is recognized when an enterprise has a present (legal or constructive) obligation as a result of past event; and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the notes.

Provision for warranty

Provision for warranty related cost are recognized when the product is sold. Initial recognition is based on

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

historical experience and future estimates of claims by the management. The estimate of such warranty related cost is revised annually.

1.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Refer Note. 43 for segment information presented.

1.24 Earnings per share

Basic earnings/(loss) per share are computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other changes or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and weighted average number of shares which could have been issued on the conversion of all dilutive potential equity shares.

The number of equity shares is adjusted retrospectively for all periods presented for any share splits and bonus shares issued.

1.25 Dividend Distribution

Dividend paid (including income tax thereon) is recognized in the period in which the interim dividend is approved by the Board of Directors, or in the respect of the final dividend when approved by shareholders.

1.26 Standards issued but not yet effective (IND AS)

Ministry of Corporate Affairs (“MCA”) through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind AS which the Company has not applied as they are effective for annual periods beginning on or after April 1, 2018:

Ind AS 115 -Revenue from Contracts with Customers

Ind AS 21 - The Effect of Changes in Foreign Exchange Rates

Ind AS 115 - Revenue from Contracts with Customers

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 - Revenue, Ind AS 11 - Construction Contracts when it becomes effective.

The core principle of Ind AS 115 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the

entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligation in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer.

The Company is in the process of evaluation of the possible impact of Ind AS 115 and will adopt the standard with effect from 1st April 2018.

Ind AS 21 – The Effect of Changes in Foreign Exchange Rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company is evaluating the impact of this amendment on its financial statements.

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NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

NOTE-2: PROPERTY, PLANT AND EQUIPMENT

Particulars	Gross Block				Depreciation				Written Down Value	
	As at 01.04.2017	Additions	Disposal	As at 31.03.2018	As at 01.04.2017	For the year	Disposal	As at 31.03.2018	As at 31.03.2018	As at 31.03.2017
Free Hold Land	2,753.07	8.48	-	2,761.55	-	-	-	-	2,761.55	2,753.07
Buildings	11,129.34	-	-	11,129.34	1,997.28	370.07	-	2,367.35	8,761.99	9,132.06
Plant & Machinery	19,849.51	304.47	-	20,153.98	10,080.80	1,817.92	-	11,898.72	8,255.26	9,768.71
Office Equipments	295.13	7.00	0.13	302.00	198.59	29.25	0.02	227.82	74.18	96.54
Furniture & Fixtures	351.33	1.57	-	352.90	198.71	25.84	-	224.55	128.35	152.62
Computers	498.96	149.41	8.61	639.76	420.43	64.98	7.82	477.59	162.17	78.53
Communication Equipments	16.96	-	-	16.96	15.52	0.42	-	15.94	1.02	1.44
Motor Vehicles	343.82	-	-	343.82	231.84	43.26	-	275.10	68.72	111.98
Total	35,238.12	470.93	8.74	35,700.31	13,143.17	2,351.74	7.84	15,487.07	20,213.24	22,094.95

PROPERTY, PLANT AND EQUIPMENT - RESEARCH & DEVELOPMENT

Particulars	Gross Block				Depreciation				Written Down Value	
	As at 01.04.2017	Additions	Disposal	As at 31.03.2018	As at 01.04.2017	For the year	Disposal	As at 31.03.2018	As at 31.03.2018	As at 31.03.2017
Plant & Machinery	1,600.92	-	-	1,600.92	647.64	199.07	-	846.71	754.21	953.28
Total	1,600.92	-	-	1,600.92	647.64	199.07	-	846.71	754.21	953.28
Total	36,839.04	470.93	8.74	37,301.23	13,790.81	2,550.81	7.84	16,333.78	20,967.45	23,048.23

NOTE-2: PROPERTY, PLANT AND EQUIPMENT

Particulars	Gross Block				Depreciation				Written Down Value	
	As at 01.04.2016	Additions	Disposal	As at 31.03.2017	As at 01.04.2016	For the year	Disposal	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
Free Hold Land	2,644.49	108.58	-	2,753.07	-	-	-	-	2,753.07	2,644.49
Buildings	11,129.34	-	-	11,129.34	1,624.78	372.50	-	1,997.28	9,132.06	9,504.56
Plant & Machinery	19,680.70	168.81	-	19,849.51	8,077.09	2,003.71	-	10,080.80	9,768.71	11,603.61
Office Equipments	296.03	10.13	-	295.13	175.86	33.21	10.48	198.59	96.54	120.17
Furniture & Fixtures	351.33	-	-	351.33	167.95	30.76	-	198.71	152.62	183.38
Computers	494.48	35.81	31.33	498.96	410.00	41.10	30.67	420.43	78.53	84.48
Communication Equipments	16.91	0.05	-	16.96	15.01	0.51	-	15.52	1.44	1.90
Motor Vehicles	376.50	24.19	56.87	343.82	232.28	47.81	48.25	231.84	111.98	144.22
Total	34,989.78	347.57	99.23	35,238.12	10,702.97	2,529.60	89.40	13,143.17	22,094.95	24,286.81

PROPERTY, PLANT AND EQUIPMENT - RESEARCH & DEVELOPMENT

Particulars	Gross Block				Depreciation				Written Down Value	
	As at 01.04.2016	Additions	Disposal	As at 31.03.2017	As at 01.04.2016	For the year	Disposal	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
Plant & Machinery	1,600.92	-	-	1,600.92	528.20	119.44	-	647.64	953.28	1,072.72
Total	1,600.92	-	-	1,600.92	528.20	119.44	-	647.64	953.28	1,072.72
Total	36,590.70	347.57	99.23	36,839.04	11,231.17	2,649.04	89.40	13,790.81	23,048.23	25,359.53

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

NOTE-2: PROPERTY, PLANT AND EQUIPMENT (Contd.)

Particulars	Gross Block				Depreciation				Written Down Value	
	As at 01.04.2015	Additions	Disposal	As at 31.03.2016	As at 01.04.2015	For the year	Disposal	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015
Free Hold Land	2,644.49	-	-	2,644.49	-	-	-	-	2,644.49	2,644.49
Buildings	11,068.06	61.28	-	11,129.34	1,252.33	372.45	-	1,624.78	9,504.56	9,815.73
Plant & Machinery	18,164.65	1,548.48	32.43	19,680.70	6,093.83	2,010.05	26.79	8,077.09	11,603.61	12,070.82
Office Equipments	291.21	6.00	1.18	296.03	136.26	40.41	0.81	175.86	120.17	154.95
Furniture & Fixtures	357.04	7.36	13.07	351.33	145.00	34.16	11.21	167.95	183.38	212.04
Computers	491.45	23.07	20.04	494.48	381.59	48.35	19.94	410.00	84.48	109.86
Communication Equipments	19.85	0.12	3.06	16.91	16.40	1.52	2.91	15.01	1.90	3.45
Motor Vehicles	400.91	-	24.41	376.50	195.34	48.26	11.32	232.28	144.22	205.57
Total	33,437.66	1,646.31	94.19	34,989.78	8,220.75	2,555.20	72.98	10,702.97	24,286.81	25,216.91

PROPERTY, PLANT AND EQUIPMENT - RESEARCH & DEVELOPMENT

Particulars	Gross Block				Depreciation				Written Down Value	
	As at 01.04.2015	Additions	Disposal	As at 31.03.2016	As at 01.04.2015	For the year	Disposal	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015
Plant & Machinery	1,600.92	-	-	1,600.92	368.95	159.25	-	528.20	1,072.72	1,231.97
Total	1,600.92	-	-	1,600.92	368.95	159.25	-	528.20	1,072.72	1,231.97
Total	35,038.58	1,646.31	94.19	36,590.70	8,589.70	2,714.45	72.98	11,231.17	25,359.53	26,448.88

Note:

1. Exclusive first charge on fixed assets (including land, building and Plant and Machinery) of Unit-I of the company situated at plot nos.27,28,29 & 30A area, 25304 sq. mts Phase-I KIADB Dabaspet Industrial Area, Yedehalli Village, Bengaluru Rural District, Bengaluru.
2. Exclusive first charge on part of fixed assets (including land, building and Plant and Machinery) of Unit-II of the company situated at Sy.No.59/2, area 4 acres 33 gunta (19526 Sq. mts including 7 gunta kharaba land) Yedehalli Village Dabaspet, Bangalore.
3. Exclusive first charge on part of fixed assets (including land, building and Plant and Machinery) situated at Unit-II situated Sy.No. 59/2, Yedehalli Village, Dabaspet Bangalore Rural District, Bangalore (i.e., 8 acres of land out of 23.33 acres along with the factory building constructed there on) of the company.

3. CAPITAL WORK-IN-PROGRESS

Land

Total

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Land	0.63	3.03	0.63
Total	0.63	3.03	0.63

4. INTANGIBLE ASSETS - (OTHER THAN GOODWILL)

Technical Know-how

Gross Block (At Deemed Cost)

Addition during the year

Accumulated amortisation at the beginning of the year

Amortisation for the year

NET CARRYING AMOUNT

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Gross Block (At Deemed Cost)	615.78	615.78	615.78
Addition during the year	254.27	-	-
	870.05	615.78	615.78
Accumulated amortisation at the beginning of the year	369.47	246.31	123.16
Amortisation for the year	154.74	123.16	123.16
NET CARRYING AMOUNT	345.84	246.31	369.46

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

5. INTANGIBLE ASSET UNDER DEVELOPMENT

Technical Know-how

Total

As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
62.00	65.63	65.63
62.00	65.63	65.63

**6. FINANCIAL ASSETS
INVESTMENTS**

Details of Investments	Currency	Per Share/ Unit	Number of Shares			Amount in ₹ Lakhs		
			As at 31.03.2018	As at 31.03.2017	As at 01.04.2016	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Non Current Investments*								
A. Investments in Equity Instruments at cost - Subsidiaries - Unquoted								
D F Power Systems Private Limited	INR	10.00	59,99,998	59,99,998	59,99,998	2,040.75	2,040.75	2,040.75
TD Power Systems USA Inc	USD	10.00	80,100	80,100	80,100	481.78	481.78	481.78
TD Power Systems Japan Limited	JPY	10,000.00	2,000	2,000	2,000	122.44	122.44	122.44
TD Power Systems Europe GMBH	Euro	1.00	5,50,000	3,50,000	1,75,000	414.12	260.65	130.83
TD Power Systems Generator Sanayi Anonim Sirketi	Lira	100.00	1,893	-	-	33.25	-	-
Less: Provision for diminution in the value of D F Power Systems Private Limited (Refer note No. 52)**						(1,440.75)	(1,440.75)	(1,440.75)
Total investment in Equity of Subsidiaries -A						1,651.59	1,464.87	1,335.05
B. Investment carried at fair value through Profit and Loss (FVTPL)								
Investments in Equity Instruments - (fully paid up) (Unquoted)								
M/s The Shamrao Vithal Co-operative Bank limited	INR	25.00	2,000	2,000	2,000	0.50	0.50	0.50
Total investment in Equity instruments -B						0.50	0.50	0.50
Grand Total (A+B)						1,652.09	1,465.37	1,335.55
Additional Information								
Aggregate value of quoted shares						-	-	-
Market Value of quoted investments						-	-	-
Aggregate carrying value of unquoted shares						1,652.09	1,465.37	1,335.55
Amount of impairment in the value of investments						(1,440.75)	(1,440.75)	(1,440.75)

* 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 decline.

**Excluding two shares held in the name of directors of the Company.

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
7. LOANS			
(Unsecured , Considered good)			
Loans to related parties	869.32	515.52	460.88
Total	869.32	515.52	460.88
Additional Disclosure:			
TD Power Systems USA Inc	709.72	515.52	460.88
TD Power Systems Europe GMBH	159.60	-	-
Unsecured loan given to wholly owned subsidiary is to meet their operating expenses and working capital requirement and carry an interest rate of Libor + 3% per annum. These loans are denominated in respective foreign currencies i.e USD and Euro.			
8. OTHER FINANCIAL ASSETS			
(Unsecured , Considered good)			
Other Receivables - Electricity Deposit	179.95	175.27	175.27
Bank deposits with more than 12 months maturity	7,320.00	9,930.00	8,015.00
Balance with government authorities - VAT input credit refund receivable	194.03	975.97	778.56
Total	7,693.98	11,081.24	8,968.83
9. OTHER NON CURRENT ASSETS			
Capital advances*	1,359.67	1,324.30	1,351.38
Advance tax net of provision	176.35	-	-
Gratuity- Excess of fair value of plan assets over defined benefit obligation	180.95	129.14	122.18
Total	1,716.97	1,453.44	1,473.56
* The company has entered into an agreement/MOU for purchase of land during 2009 and 2010 and accordingly, amount aggregating to Rs.3372.75 lakhs was paid from time to time in pursuance of this agreement. Pending execution of sale deed and completion of certain works related to the land the said balance amount is carried under capital advance. The management of the company is of the view that considering the nature of the transaction, the registration of the sale of the land would be completed in due course and on completion the said amount would be capitalized. The total advances of Rs.1301.31 lakhs represents Rs.601.31 lakhs towards approx. 10 acres of land and Rs.700 lakhs towards development cost of the land. The management of the company does not expect any significant further cash outflow towards the acquisition except for the cost of registration and related expenses.			
10. INVENTORIES			
Raw materials	4,023.74	3,562.02	3,205.33
Work in progress	3,703.95	2,606.41	3,129.96
Finished goods	52.19	295.46	-
Stock in trade	168.73	1,463.19	1,397.85
Goods in transit:			
Raw materials	116.24	71.15	299.90
Total	8,064.85	7,998.23	8,033.04

(Refer accounting policy No. 1.12 for valuation of inventories)

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
11. TRADE RECEIVABLES (unsecured)			
Trade receivables	19,342.16	16,125.97	13,885.98
Less: Expected credit loss allowance (considered doubtful) Refer note 39(c)	511.22	511.22	511.22
Trade receivables considered good	18,830.94	15,614.75	13,374.76
Additional information:			
Receivables, considered good covered under LC	1,892.92	172.44	630.81
Unsecured others considered good	16,938.02	15,442.31	12,743.95
Total	18,830.94	15,614.75	13,374.76
12. CASH AND CASH EQUIVALENTS			
Balances with banks			
In current accounts	2,348.44	2,596.35	4,350.96
In EEFC Account	1,898.98	199.61	262.12
Cash on hand	0.42	3.65	1.65
Other balances (In unpaid dividend accounts)	0.85	1.29	0.86
Total	4,248.69	2,800.90	4,615.59
13. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS			
Bank deposits with less than 12 months maturity	2,620.00	5,585.00	5,873.75
Margin Money Deposit with Bank	1,581.69	715.00	715.00
Total	4,201.69	6,300.00	6,588.75
14. OTHER FINANCIAL ASSETS (Unsecured , Considered good)			
Security Deposit for rented premises	18.65	19.18	36.79
Balance with government authorities - GST/ED Refund receivable	865.93	769.98	31.27
Interest accrued on term deposits	311.60	212.87	158.89
Unbilled Revenue	2.18	22.66	20.65
Employee advance	25.33	25.93	30.92
Total	1,223.69	1,050.62	278.52
15. OTHER CURRENT ASSETS			
Prepaid Expenses	176.39	94.08	90.69
Advance paid to supplier (other than capital advances)	1,015.08	828.59	1,663.40
Balance with government authorities - Input credit	577.88	679.95	1,213.81
Security Deposit	9.59	48.30	1.27
Expenditure Tax	28.05	58.66	8.18
Earnest money deposit	4.85	-	-
Total	1,811.84	1,709.58	2,977.35

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
16. SHARE CAPITAL			
Authorized			
Equity shares of Rs.10/- each			
Number of Equity Shares	3,50,00,000	3,50,00,000	3,50,00,000
Amount of Equity Share Capital (Amount in Lakhs)	3,500.00	3,500.00	3,500.00
Issued, subscribed and fully paid up			
Equity shares of Rs.10/- each			
Number of Equity Shares	3,32,37,588	3,32,37,588	3,32,37,588
Amount of Equity Share Capital (Amount in Lakhs)	3,323.76	3,323.76	3,323.76
Reconciliation of the Equity shares outstanding at the beginning and at the end of the year			
Number of Equity Shares			
Shares outstanding at the beginning of the year	3,32,37,588	3,32,37,588	3,32,37,588
Shares issued during the year	-	-	-
Shares outstanding at the end of the year	3,32,37,588	3,32,37,588	3,32,37,588
Amount of Equity Share Capital			
Share capital outstanding at the beginning of the year	3,323.76	3,323.76	3,323.76
Share capital issued during the year	-	-	-
Share capital outstanding at the end of the year	3,323.76	3,323.76	3,323.76

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 dividend 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.
- II** 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 liabilities. The distribution will be in proportion to the number of Equity Shares held by the shareholders
- III** For the period of five years immediately preceding the date as at which the Balance Sheet is prepared, there were:
- No shares allotted pursuant to a contract without consideration being received in cash.
 - No shares allotted as fully paid up by way of bonus shares
 - No shares were bought back
- IV** There were no shares reserved for issue under options and contracts/commitments for the sale of shares/ disinvestment.
- V** There were no calls unpaid or forfeited shares.

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

	As at 31.03.2018		As at 31.03.2017	
	%	No of shares	%	No of shares
a. Sapphire Finman Services LLP (Sapphire Finman Services Private Limited)	15.12%	50,26,433	15.12%	50,26,433
b. Nikhil Kumar	13.96%	46,38,664	13.96%	46,38,664
c. Mohib N Khericha	11.23%	37,30,960	11.23%	37,30,960
d. Hitoshi Matsuo	9.73%	32,35,254	9.73%	32,35,254
e. Reliance Capital Trustee Company Limited	8.88%	29,50,000	-	-
f. Sundaram Mutual Fund	5.80%	19,27,718	-	-

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

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

	As at 01.04.2016	
	%	No of shares
a. Sapphire Finman Services LLP (Sapphire Finman Services Private Limited)	15.12%	50,26,433
b. Nikhil Kumar	13.96%	46,38,664
c. Mohib N Khericha	5.56%	18,46,860
d. Hitoshi Matsuo	9.73%	32,35,254

Note: The above disclosed information is as per the records/registers including Members register maintained by the Company as at the year end.

17. OTHER EQUITY

Securities Premium Account

As at the beginning of the year

As at the end of the year - A

General Reserve

As at the beginning of the year

Add: Transferred from Retained earnings

As at the end of the year - B

Retained earnings

As at the beginning of the year

Less: Transferred to General Reserve

Less: Dividend including Dividend Distribution tax (Rs.1.80 per share (Previous year: Rs.3.05 per share))

Add: Transferred from Statement of Profit and Loss

As at the end of the year - C

Total (A+B+C)

Nature of reserve

a. Security premium account is used to record the premium on issue of shares. This is utilised in accordance with the provisions of the Companies Act, 2013.

b. The General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by the transfer from one component of equity to another and is not an items of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

c. The Remeasurements gains in respect of employee benefits included under retained earnings are as under:

As at the beginning of the year

Remeasurements gain/(loss) on defined benefit plans

Income tax effect on above

As at the end of the year

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Securities Premium Account			
As at the beginning of the year	22,075.88	22,075.88	22,075.88
As at the end of the year - A	22,075.88	22,075.88	22,075.88
General Reserve			
As at the beginning of the year	2,939.63	2,939.63	2,816.87
Add: Transferred from Retained earnings	-	-	122.77
As at the end of the year - B	2,939.63	2,939.63	2,939.64
Retained earnings			
As at the beginning of the year	19,807.83	21,009.96	19,618.87
Less: Transferred to General Reserve	-	-	122.77
Less: Dividend including Dividend Distribution tax (Rs.1.80 per share (Previous year: Rs.3.05 per share))	720.07	1,220.12	-
Add: Transferred from Statement of Profit and Loss	1,249.52	18.00	1,513.86
As at the end of the year - C	20,337.28	19,807.84	21,009.96
Total (A+B+C)	45,352.79	44,823.35	46,025.48
Nature of reserve			
a. Security premium account is used to record the premium on issue of shares. This is utilised in accordance with the provisions of the Companies Act, 2013.			
b. The General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by the transfer from one component of equity to another and is not an items of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.			
c. The Remeasurements gains in respect of employee benefits included under retained earnings are as under:			
As at the beginning of the year	(23.29)	(1.14)	-
Remeasurements gain/(loss) on defined benefit plans	15.70	(33.87)	(1.14)
Income tax effect on above	(5.48)	11.72	-
As at the end of the year	(13.07)	(23.29)	(1.14)

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
18. PROVISIONS			
Provision for Income tax net of advance tax	-	86.84	77.59
Provisions for employee benefits (Refer Note No. 44)	352.39	379.09	375.24
Total	352.39	465.93	452.83
19. DEFERRED TAX LIABILITY			
Deferred tax liability			
On account of depreciation on Property, Plant and equipments	1,678.27	1,885.98	1,872.62
Deferred tax asset			
On account of timing differences in recognition of expenditure	335.31	345.67	328.49
	1,342.96	1,540.31	1,544.13
MAT credit entitelment	(400.00)	(400.00)	(400.00)
Net Deferred tax liability/(asset)	942.96	1,140.31	1,144.13

Movement of Deferred tax liability/(asset)**As on 31st March 2018****Deferred tax liability**

On account of depreciation on property, plant and equipments

1,885.98 (207.71) - 1,678.27

Deferred tax asset

On account of timing differences in recognition of expenditure

345.67 (4.88) (5.48) 335.31

Total Deferred tax liability**1,540.31 (202.83) 5.48 1,342.96****As on 31st March 2017****Deferred tax liability**

On account of depreciation on property, plant and equipments

1,872.62 13.36 - 1,885.98

Deferred tax asset

On account of timing differences in recognition of expenditure

328.49 17.18 - 345.67

Total Deferred tax liability**1,544.13 (3.82) - 1,540.31**

The Company has not recognized deferred tax asset in respect of minimum alternative tax credit amounting to Rs.400 lakhs as at the year end (2017: Rs.400 lakhs, 2016 Rs.400 lakhs) in view of the uncertainties involved and also as a prudent measure.

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
20. SHORT TERM BORROWINGS			
Secured Loans			
Loans repayable on demand			
- rupee loan from banks	1,282.49	4,534.28	2,764.15
- foreign currency loan from banks	5,577.77	-	-
Total	6,860.26	4,534.28	2,764.15
<u>Additional Information</u>			
Details of security for secured loans			
Loans from Bank of Baroda is secured by first pari-passu charge with Kotak Mahindra Bank on all the current assets of the Company (present and future) excluding the assets created out of project specific BG limit of Rs. 75.27 crores issued by Bank of Baroda.	5,234.25	4,534.28	2,764.15
The loans are further collaterally secured as under:-			
1. Exclusive first charge on fixed assets (including land, building and Plant and Machinery) of Unit-I of the company situated at plot nos. 27, 28, 29 & 30A area, 25304 sq. mts Phase-I KIADB Dabaspeta Industrial Area, Yedehalli Village, Bengaluru Rural District, Bengaluru.			
2. Exclusive first charge on part of fixed assets (including land, building and Plant and Machinery) of Unit-II of the company situated at Sy.No.59/2, area 4 acres 33 gunta (19526 Sq. mts including 7 gunta kharaba land) Yedehalli Village Dabaspeta, Bangalore.			
3. Exclusive first charge on part of fixed assets (including land, building and Plant and Machinery) situated at Unit-II situated Sy.No. 59/2 Yedehalli Village, Dabaspeta Bangalore Rural District, Bangalore (i.e., 8 acres of land out of 23.33 acres along with the factory building constructed thereon) of the company.			
All the above are common securities for all fund based and non-fund based facilities obtained by the Company from Bank of Baroda.			
Loan from Kotak Mahindra Bank is secured by first pari-passu charge with Bank of Baroda on all existing and future receivable/current assets of the Company excluding the assets created out of project specific BG limit of Rs. 75.27 crores issued Bank of Baroda.	1,626.02	-	-
Loans repayable on demand	6,860.26	4,534.28	2,764.15
Interest at 10.20% p.a. is applicable on Rupee loan which will be reviewed annually			
TRADE PAYABLES			
Total outstanding dues of micro and small enterprises *	52.43	64.72	73.68
Total outstanding dues of creditors other than micro and small enterprises	9,711.42	10,282.24	10,957.36
Total	9,763.84	10,346.96	11,031.04
*All trade payables are non interest bearing and payable or settled within normal operating cycle of the company			

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

	As at 31.03.2018	As at 31.03.2017	As at 31.03.2017
<i>Additional Information</i>			
*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	52.43	64.72	73.68
2. Interest due on (1) above and the unpaid interest	-	-	-
3. Interest paid on all delayed payments under the MSMED Act	-	-	-
4. Payment made beyond the appointed day during the year	17.05	1.98	3.12
5. Interest due and payable for the period of delay other than (3) above	-	0.01	0.03
6. Interest accrued and remaining unpaid	0.07	0.01	0.03
7. Amount of further interest remaining due and payable in succeeding years	222.03	221.98	221.97
The amount outstanding to micro, small and medium Enterprises is based on the information received and available with the company.			
22. OTHER FINANCIAL LIABILITIES			
Unpaid Dividends *	0.85	1.29	0.86
Outstanding Liabilities in respect of accrued expenses	2,235.58	2,116.92	3,658.53
Duties and taxes payable	168.92	177.08	130.92
Earnest Money Deposit	2.15	2.15	2.15
Mark to market loss on forward contracts	66.07	-	-
Employee benefit payable	430.10	303.06	344.54
Guarantee Margin from Subsidiary	-	1,500.00	1,500.00
Total	2,903.67	4,100.50	5,637.00
* Does not include any amount outstanding as at 31st March 2018 which are required to be credited to Investor Education and Protection Fund			
23. OTHER CURRENT LIABILITIES			
Advance received from customers	1,525.97	4,016.16	2,927.63
Total	1,525.97	4,016.16	2,927.63
24. PROVISIONS			
Provision for warranties (Refer Note No. 47)	219.64	186.12	231.89
Provisions for employee benefits (Refer Note No. 44)	111.67	82.46	62.71
Total	331.32	268.58	294.60
25. CURRENT TAX LIABILITY - NET			
Provision for taxation (net of advance tax)	333.02	333.02	301.46
Total	333.02	333.02	301.46

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

	Year ended 31.03.2018	Year ended 31.03.2017
26. REVENUE FROM OPERATIONS		
Sale of Goods		
- AC Generators	35,355.12	30,921.51
- AC Generator Spares	2,820.12	3,595.72
- Project Business -Domestic	806.28	443.99
- Project Business -Overseas Branch	5,152.60	5,267.29
Total	44,134.12	40,228.51
Sale of services	568.76	1,038.16
Sale of Scrap	544.65	398.12
Total	45,247.53	41,664.79
Less: Intersegmental sales	1,714.95	1,682.09
Total	43,532.58	39,982.70
27. OTHER INCOME		
Interest income on Bank Deposits	958.51	1,183.61
Interest Income others	70.15	563.66
Interest on the loan given to subsidiaries	35.68	19.86
Dividend from investment measured at FVTPL	0.06	0.06
Interest income on financial assets	0.06	0.14
Foreign fluctuation gain (Net of loss)	546.97	-
Miscellaneous Income	29.16	26.85
Total	1,640.59	1,794.18
28. COST OF MATERIAL CONSUMED		
Consumption of raw materials (including Job work charges)	28,482.87	21,544.24
Consumption of stores and spare parts	280.42	326.14
Total	28,763.29	21,870.38
Consumption of major raw materials consists:		
Copper (wires, strips, rods, sheet etc.)	3,718.52	3,603.35
Steel/ Laminations	4,047.52	2,938.02
Shaft Forgings	1,144.65	1,147.12
Others	19,572.18	13,855.75
Total	28,482.87	21,544.24
29. PURCHASES FOR PROJECTS BUSINESS	3,158.31	2,699.96

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NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

	Year ended 31.03.2018	Year ended 31.03.2017
30. CHANGE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS		
Stocks at the end of the year		
Work in progress - A C Generators	3,703.95	2,606.41
Finished goods - A C Generators	52.19	295.46
	3,756.14	2,901.87
Less: Stocks at the beginning of the year		
Work in progress - A C Generators	2,606.41	3,129.96
Finished goods -A C Generators	295.46	-
	2,901.87	3,129.96
Net (Increase) / Decrease in Stock	(854.27)	228.09
31. EXCISE DUTY ON SALE OF GOODS	288.98	3,036.68
32. EMPLOYEE BENEFIT EXPENSES		
Salaries and wages	4,607.49	4,377.58
Contribution to provident and other funds	385.54	261.83
Remuneration to directors including contribution to Provident fund	392.51	81.05
Staff welfare expenses	1,140.28	1,175.10
Total	6,525.82	5,895.56
33. FINANCE COST		
Interest expense	557.30	406.17
Foreign exchange difference recorded as an adjustment to borrowing cost	104.83	-
Total	662.13	406.17
34. DEPRECIATION AND AMORTISATION		
Depreciation on property, plant and equipments	2,550.81	2,649.05
Amortization of intangible assets	154.73	123.16
Total	2,705.54	2,772.21
35. OTHER EXPENSES		
Power and fuel	634.74	496.24
Rent	46.81	48.36
Repairs and maintenance		
- Buildings	23.26	15.01
- Machinery	184.80	154.26
- Others	53.92	92.68
Insurance	61.42	76.64
Manufacturing expenses	117.73	117.93
Rates and taxes	80.81	58.29
Payment to the auditors		
- auditor fees (including audit of consolidated financial statements and review of quarterly financial results)	17.18	16.28

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

	Year ended 31.03.2018	Year ended 31.03.2017
OTHER EXPENSES (Contd)		
- for taxation matters	-	6.50
- for other services	-	5.66
- out of pocket expenses	0.07	-
Legal and professional charges	319.40	306.02
Royalty	30.31	5.82
Travelling and conveyance	1,250.68	1,248.63
Bank charges	203.10	210.26
Foreign fluctuation loss (Net of gain)	-	618.49
Software expenses	201.06	221.70
Corporate social responsibility (Refer Note No 50)	61.50	48.38
Directors sitting fees	7.21	8.17
Vehicle maintenance	48.83	56.25
Postage, telegrams and telephones	72.09	89.58
Printing and stationary	57.76	58.22
Selling expenses	914.87	720.09
Donations	15.84	11.92
Loss on sale of property, plant and equipments	0.24	0.08
Advertisement	12.87	49.29
Subscription to technical associations, journals and magazines	9.40	15.03
Total	4,425.90	4,755.78

36. CONTINGENT LIABILITIES AND COMMITMENTS

(to the extent not provided for)

Contingent Liabilities

	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016
Guarantees	11,486.38	3,966.23	4,633.92
Income Tax demand disputed by the company	15.80	-	-

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 above is considered necessary.

Commitments

	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	108.67	147.92	96.39
Corporate Guarantee issued to the bankers of the subsidiary company	-	4,300.00	4,300.00

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

37. FIRST-TIME ADOPTION OF IND AS - 101

i) Transition to Ind AS

The financial statements of the Company has been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101-First Time adoption of Indian Accounting Standard, with April 1, 2016 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes there to and accounting policies and principles. The accounting policies set out in note 1 have been applied in preparing the standalone financial statements for the year ended 31st March 2018 and the comparative information.

An explanation of the transition from previous GAAP to Ind AS on the Company's financial statements, is set out below. Exemptions on first time adoption of Ind AS availed in accordance with Ind AS 101 have also been set out in note 37 (ii) below.

ii) Exemptions and exceptions availed

Ind-AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The company has accordingly applied the following exemptions.

(a) Ind AS optional exemption

1 Deemed cost

Ind AS 101 permits a first time adopter to elect to continue with carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as a deemed cost as at the date of transition. This exemption can also be used for Intangible assets covered by Ind AS 38 and investment property covered by Ind AS 40.

Accordingly, the Company has elected to measure all of its property, plants and equipments, intangible assets at their previous GAAP carrying value.

2 Investments in equity of subsidiaries

The company has elected to continue with the carrying value of its investments in equity instruments of subsidiary companies recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its cost as of the transition date after making adjustment provision for impairment as estimated by the management.

iii) Reconciliations

The following reconciliations provides the effect of transition to Ind AS from IGAAP in accordance with Ind AS 101

(a) Reconciliation of profit from previous GAAP to Ind AS

	Year ended 31.03.2017
Profit as per Indian GAAP	8.90
Adjustments as required by Ind AS	
Actuarial (Gain)/Loss transferred to Other Comprehensive Income	33.87
Tax related to above items	(11.72)
Interest income on Employee advance	0.14
Recognition of excess of fair value of plan assets over defined benefit obligation - gratuity	6.96
Actuarial (Gain)/Loss recognised in Other Comprehensive Income - net of tax	(22.15)
Service income recongised on percentage completion method	2.00
Total Comprehensive Income as per IND AS	18.00
Increase/(Decrease) in Profit	9.10

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

(b) Reconciliation of Equity from previous GAAP to Ind AS

	As at 31.03.2017	As at 01.04.2016
Reserves and Surplus as per Indian GAAP	46,091.03	46,082.14
IND AS Adjustments as on transition date		
Provision for proposed dividend and dividend distribution tax	1,241.49	1,241.49
Excess funding in gratuity recognised in books	122.18	122.18
Employee advance recognised at Fair Value	(0.22)	(0.22)
Recognition of loss in value of investment in a subsidiary	(1,440.75)	(1,440.75)
Increase in unbilled revenue as a result of IND AS on service contract	20.65	18.65
Effect of IND AS Adjustments for 2016-2017		
Dividend paid during the year	(1,220.12)	-
Increase in revenue recognition as result of IND AS on service contract	2.00	2.00
Recognition of interest income on deferred employee advance	0.14	-
Excess funding in gratuity during the year recognised as asset	6.96	-
Other Equity as per Ind AS	44,823.37	46,025.49

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NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

iv) Reconciliation of Ind AS Compliant Balance Sheet as on Transition Date (01.04.2016)

	Reasons for changes (Refer note below)	As per previously reported IGAAP	As per IND AS	
			Transition Adjustments	As at 01.04.2016
ASSETS				
Non-current assets				
Property, Plant and Equipment		25,359.53	-	25,359.53
Capital work in progress		0.63	-	0.63
Intangible assets Other than Goodwill		369.46	-	369.46
Intangible assets under development		65.63	-	65.63
Financial assets				
Investments	(iv(a))	2,776.30	(1,440.75)	1,335.55
Loans		460.88	-	460.88
Other financial assets		8,968.83	-	8,968.83
Other non-current assets	(iv(b))	1,351.38	122.18	1,473.56
Current assets				
Inventories		8,033.04	-	8,033.04
Financial assets				
Trade receivables		13,374.76	-	13,374.76
Cash and cash equivalents		11,204.35	-	11,204.35
Bank balances other than Cash and Cash equivalents	(iv(c)) & (iv(d))	258.09	20.43	278.52
Other financial assets		2,977.35	-	2,977.35
		75,200.22	(1,298.14)	73,902.08
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital		3,323.76	-	3,323.76
Other Equity	Note 37(iii)(b))	46,082.14	(56.65)	46,025.48
Non-current liabilities:				
Financial Liabilities:				
Provisions		452.83	-	452.83
Deferred tax liabilities (Net)		1,144.13	-	1,144.13
Current liabilities				
Financial Liabilities				
Short-term Borrowings		2,764.15	-	2,764.15
Trade payables		11,031.04	-	11,031.04
Other financial liabilities		5,637.00	-	5,637.00
Other current liabilities		2,927.63	-	2,927.63
Provisions	(iv(e))	1,536.09	(1,241.49)	294.60
Current tax liability - Net		301.46	-	301.46
		75,200.22	(1,298.14)	73,902.08

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

v) Reconciliation of Ind AS Compliant Balance Sheet as on 31st March 2017

	Reasons for changes (Refer note below)	As per previously reported IGAAP	As per IND AS	
			Transition Adjustments	As at 01.04.2016
ASSETS				
Non-current assets				
Property, Plant and Equipment		23,048.23	-	23,048.23
Capital work in progress		3.03	-	3.03
Intangible assets Other than Goodwill		246.31	-	246.31
Intangible assets under development		65.63	-	65.63
Financial assets				
Investments	(iv(a))	2,906.12	(1,440.75)	1,465.37
Loans		515.52	-	515.52
Other financial assets		11,081.24	-	11,081.24
Other non-current assets	(iv(b))	1,324.30	129.14	1,453.44
Current assets				
Financial assets				
Inventories		7,998.23	-	7,998.23
Trade receivables		15,614.75	-	15,614.75
Cash and cash equivalents		2,800.90	-	2,800.90
Bank balances other than Cash and Cash equivalents		6,300.00	-	6,300.00
Other financial assets	(iv(c)) & (iv(d))	1028.04	22.58	1050.62
Other Current assets		1,709.58	-	1,709.58
		74,641.87	(1,289.03)	73,352.84
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital		3,323.76	-	3,323.76
Other Equity	37(iii(b))	46,091.03	(1,267.68)	44,823.35
Non-current liabilities				
Financial Liabilities				
Provisions		465.93	-	465.93
Deferred tax liabilities (Net)		1,140.31	-	1,140.31
Current liabilities				
Financial Liabilities				
Short-term Borrowings		4,534.28	-	4,534.28
Trade payables		10,346.96	-	10,346.96
Other financial liabilities		4,100.50	-	4,100.50
Other current liabilities	(iv(e))	4,037.51	(21.35)	4,016.16
Provisions		268.58	-	268.58
Current tax liability - Net		333.02	-	333.02
		74,641.87	(1,289.03)	73,352.84

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

vi) Reconciliation of Statement of Profit and Loss for the year ended 31st March 2017

	Reasons for changes (Refer note below)	As per previously reported IGAAP	As per IND AS	
			Transition Adjustments	As at 01.04.2016
Revenue from Operations	(iv(c))	39,980.71	1.99	39,982.70
Other Income	(iv(d))	1,794.04	0.14	1,794.18
TOTAL REVENUE		41,774.75	2.13	41,776.88
Expenses				
Cost of materials consumed		21,870.38	-	21,870.38
Purchases for Project Business		2,699.96	-	2,699.96
Changes in inventories of finished goods, work in progress and stock in trade		228.09	-	228.09
Excise Duty on sale of goods		3,036.68	-	3,036.68
Employee benefits expense	(iv(b) & iv(f))	5,936.39	(40.83)	5,895.56
Finance costs		406.17	-	406.17
Depreciation and amortization expense		2,772.21	-	2,772.21
Other expenses		4,755.78	-	4,755.78
TOTAL EXPENSES		41,705.67	(40.83)	41,664.83
Profit/(loss) before tax		69.08	42.96	112.05
Tax expense:				
(1) Current tax	(iv(f))	64.00	11.72	75.72
(2) Deferred tax		(3.82)	-	(3.82)
Profit/(loss) after tax		8.90	31.24	40.13
Other comprehensive income				
Items that will not be reclassified to profit or loss	(iv(f))	-	(33.87)	(33.87)
Income tax relating to these items	(iv(f))	-	11.72	11.72
Total comprehensive income for the period		8.90	9.09	18.00

Notes to Reconciliation statement:

- Under Ind AS 109, the Company has evaluated the financial position of its Indian Subsidiary for the purposes of transition to Ind AS and has accordingly recorded a provision of Rs.1440.75 lakhs being the excess of the carrying value of the investment of the subsidiary over the face value, by debit to the Other Equity as on 1st April 2016.
- Payment of gratuity as per payment of gratuity Act is administered by Life Insurance Corporation of India (LIC) and Company is funding as recommended by LIC. The Company has recognised excess of fair value of plan assets over defined benefit obligations relating gratuity as asset amounting to Rs.122.18 lakhs as at 1st April 2016 and Rs.129.14 lakhs as at 31st March 2017 respectively as per the requirement of Ind AS. During the year 2016-2017, the Company has recognised excess funding towards gratuity amounting to Rs.6.96 lakhs as an asset, Rs.122.18 lakhs was considered as a transition adjustment and Rs. 6.96 lakhs was considered as Ind As Adjustment for the statement of profit and loss for the year ended 31st March, 2017.
- Under previous GAAP, the Company followed completed contract method for revenue recognition in case of service contracts. As per requirement of IND AS, the Company has recognised revenue under percentage of completion method for service contracts. Consequently, Company has recognised revenue amounting to Rs.20.65 lakhs as on 1st April 2016 and Rs.22.65 lakhs as on 31st March 2017 respectively. As a result there is increase in the revenue for the year ended 31st March 2017 amounting to Rs.1.99 lakhs which is disclosed as Ind As Adjustment in the statement of profit and loss for the year ended 31st March, 2017.
- Under previous GAAP Advance to employees were recognised on the historical value. Under IND AS, long term employee advances are to be recognised after considering the effective interest rate. Consequently, advance given to employees which are more than 12 months are recognised after considering the impact of interest which amounts to Rs.0.22 lakhs

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

as at 1st April 2016 and Rs.0.07 lakhs as at 31st March 2017. This has resulted in net impact on the other income of Rs.0.14 lakhs for the year ended 31st March 2017.

- e. The Company has reversed the provision for proposed dividend and dividend distribution tax made in earlier year amounting to Rs.1,241.49 lakhs to retained earnings as on 1st April 2016, since the dividends were actually declared after the balance sheet date which is in accordance with Ind AS 10. Accordingly, the actual amount of dividend and dividend distribution tax paid or payable during the year ended 31st March, 2017 has been debited to the retained earnings.
- f. Under previous GAAP, actuarial gains and losses were recognised in the statement of profit and loss. Under Ind AS, the actuarial gains and losses from re-measurement of net defined benefit liability / asset is recognised in other comprehensive income in the respective years. Company has reclassified actuarial loss amounting to Rs.33.87 lakhs for the year ended 31st March 2017 as Other comprehensive Income from Employee benefit expenses as per IND AS requirement. Also the Company has accounted the income tax effect of Rs. 11.72 lakhs on the actuarial loss in other comprehensive income.

viii. Effect on IND AS Adoption on the Statement of Cash flow for the year ended 31st March 2017

The transition from the previous GAAP to IND AS has no impact on the statement of cash flows except for regrouping among the cash flow from operating, financing and investing activities and classifying cash and bank balances into cash and cash equivalents and bank balances other than cash and cash equivalents.

	Amount in ₹ Lakhs		
	As per previously reported IGAAP	As per IND AS	
		Transition Adjustments	As at 31.03.2017
Net cash flow from operations	(1,241.18)	(1,920.21)	(3,161.38)
Net cash flow from investments	903.92	293.93	1,197.85
Net cash flow from financing activities	143.83	0.01	143.84
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	5.00	-	5.00
Net increase/(decrease) in cash and cash equivalent	(188.43)	(1,626.27)	(1,814.70)
Cash and cash equivalents at the beginning of the year	19,219.33	(14,603.73)	4,615.59
Cash and cash equivalents at the end of the year	19,030.90	(16,230.00)	2,800.90

38. The reconciliation between current tax and amounts computed by applying

a). the Income Tax Rate

	Year ended 31.03.2018	Year ended 31.03.2017
Total Profit/(Loss) before tax (A)	1,711.45	112.05
Income Tax Rate (B)	34.61%	34.61%
Tax Expense - (C) = (A) X (B)	592.30	38.78
Add - Tax effect of the amounts as under		
a) Expenses - Not Deductable for tax purpose	281.72	254.08
b) Adjustment of IND AS compliance	-	(14.87)
c) Tax Incentive- deduction for R&D expenditure	(203.84)	(216.25)
d) Deduction allowable under Chapter VI A	(0.67)	-
e) Other Adjustment and rounding off	5.48	2.26
Total (D)	82.70	25.22
Net Current Tax Expense (E) = (C)+(D)	675.00	64.00
Tax expenses related to item classified under Other comprehensive Income	-	11.72
Net Current Tax Expenses	675.00	75.72

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

	Year ended 31.03.2018	Year ended 31.03.2017
38. The reconciliation between deferred tax and amounts computed by applying		
b). the Income Tax Rate		
Deferred tax liabilities at the beginning of the year	1,540.31	1,544.13
Income Tax Rate (B)	34.94%	35.54%
Tax effect of the amounts as under:		
- Difference between book value and WDV of property, plant and equipments	1,695.24	1,891.08
- Difference between book value and WDV of technical knowhow	(16.97)	(5.10)
- Provision for gratuity and leave encashment disallowed	(162.16)	(164.01)
- Provision for doubtful debts disallowed	(178.64)	(181.66)
Deferred tax liabilities at the end of the year	1,337.47	1,540.31
Deferred tax expenses in the statement of profit and loss	(202.84)	(3.82)
Deferred tax expenses in the Other Comprehensive Income	5.48	-

39. Financial Instruments - Accounting Classifications and Fair value measurements

- a). The Fair value of cash and cash equivalents, bank balances, loans, trade receivables, trade payables and others approximates their carrying amount. Trade receivables are evaluated after taking into consideration for Expected Credit Losses. Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

b). Financial Assets / Liabilities Classification:

	Carrying Amount		
	As on 31.03.2018	As on 31.03.2017	As on 01.04.2016
Financial Assets at cost less provision for loss			
Investments in equity instruments of			
- Indian Subsidiary	600.00	600.00	600.00
- Foreign Subsidiaries	1,051.59	864.87	735.05
Investment in equity other than subsidiary - *	0.50	0.50	0.50
Financial Assets at amortised cost			
Cash and cash equivalents	4,248.69	2,800.90	4,615.59
Bank balances other than cash and cash equivalents	4,201.69	6,300.00	6,588.75
Trade receivables net of ECL	18,830.94	15,614.75	13,374.76
Loans	869.32	515.52	460.88
Other financial assets	8,917.67	12,131.86	9,247.35
Financial liabilities at amortised cost			
Short term borrowings	6,860.26	4,534.28	2,764.15
Trade payables	9,763.84	10,346.96	11,031.04
Other financial liabilities	2,903.67	4,100.50	5,637.00

* In view of the fact that the investment amount is not significant and the investee is consistently paying dividend, the cost is considered to be at fair value

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

c. Financial Risk Management**Objectives and Policies**

The company's Financial Risk Management is an integral part of business strategies. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. In addition, Company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Company's principal financial liabilities comprise short term borrowings, trade and other payables. The main purpose of these financial liabilities is to support entity's operations. The entity's principal financial assets include cash and cash equivalents and trade and other receivables that derive directly from its operations.

All activities for risk management purposes are carried out by experienced teams that have the appropriate skills, experience and supervision. It is the entity's policy that no activities in derivatives will be undertaken except foreign exchange forward contract. The Board of Directors review and agree policies for managing each of these risks, which are summarised below.

Credit Risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables. The customer credit risk is managed as per Company's established policy, procedure and controls relating to customer credit risk management. It require different processes and policies to be followed based on the business risks, industry practice and customer profiles.

In order to contain the business risk, the creditworthiness of the customer is through scrutiny of its financials, status of financial closure of the project, if required, market reports and reference checks. The Company remains vigilant and regularly assesses the financial position of customers during execution of contracts with a view to restrict risks of delays and default. In view of nature of business profile and considering the size of the Company, credit risks from receivables are well contained on an overall basis.

The Company's maximum exposure to credit risk at the reporting date is the carrying amount of trade receivable.

	Amount in ₹ Lakhs		
	As on 31.03.2018	As on 31.03.2017	As on 01.04.2016
Total Receivable	18,830.94	15,614.75	13,374.76
Receivable individually in excess of 10% of the business receivable	9,485.30	6,905.87	4,721.12
Percentage of the above receivables to the total receivables of the Company	50.37%	44.23%	35.30%
Receivables in excess of 10% of individual business represents receivables from four customers as on 31st March 2018, three customers as on 31st March 2017 and two customers as on 1st April 2016.			
Customer A	15.34%	-	-
Customer B	12.52%	-	-
Customer C	12.29%	21.72%	21.83%
Customer D	10.22%	11.22%	13.47%

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

Provision for expected credit losses

The life time expected credit loss (“ECL”) is estimated on trade receivables other amounts due from entities where there is no track record of short receipts. Delays in receiving payments from the customers pursuant to sale of goods or under contracts are not considered if such delays are commonly prevalent in the industry. Other short receipts other than arising from claims are duly considered in determining ECL.

Considering the above as well as business model of the Company, engineered-to-order products and the profile of trade receivables, the determination of a provision based only on age analysis may not be a realistic considering the economic and industry circumstances. Hence, the provision for expected credit loss is determined by the management for the specific trade receivables after considering the above facts and circumstances, particularly in view of the fact that there has no bad debts in the recent past.

Provision matrix (% amounts) of ECL for trade receivables and the reconciliation of the movement in the provision is given below.

	As on 31.03.2018	As on 31.03.2017	As on 01.04.2016
Total Receivable	18,830.94	15,614.75	13,374.76
Provision for credit loss	511.22	511.22	511.22
Percentage	2.71%	3.27%	3.82%

Reconciliation of loss allowance provision

	Year ended 31.03.2018	Year ended 31.03.2017
Balance at the beginning of the year	511.22	511.22
Provision for credit loss allowance made during the year	-	-
Provision utilised	-	-
Provision reversed during the year	-	-
Balance at the end of the year	511.22	511.22

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash. The Company’s approach in managing the same is to ensure, as far as possible, sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

The company’s principal sources of liquidity are cash and cash equivalents, balances with banks and the cash flow that is generated from operations. The cash and cash equivalent and other bank balances aggregates to Rs.15,770.38 lakhs at the end of year (2017-Rs.19,030.90 lakhs, 2016-Rs.19,219.33 lakhs). The company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

The following are the contractual maturities of non-derivative financial liabilities, based on contractual cash flows:

	As on 31.03.2018	As on 31.03.2017	As on 01.04.2016
Trade Payables	9,763.84	10,346.96	11,031.04
Short Term borrowings	6,860.26	4,534.28	2,764.15
Other Payables:			
Statutory dues	168.92	177.08	130.92
Employee dues	430.10	303.06	344.54
Other dues	2,304.65	3,620.36	5,161.54

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company operates internationally and a major portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales and services and purchases from overseas suppliers in various foreign currencies.

i) Foreign currency risk exposure - The company's exposure to foreign currency risk at the end of reporting period, are as follows:

a) The foreign exchange forward contracts outstanding as on 31.03.2018 in respect of Euro is Rs. 1,453.29 lakhs (2017: Nil and 2016: Nil)

b) The total foreign currency exposures of the year is as under:

	As on 31.03.2018 (Amount in Lakhs)			
	USD	Euro	JPY	Others
Assets/ Receivables				
In Foreign Currency	17.85	38.41	195.72	0.37
In Rupee Equivalent	1,149.67	3,061.43	119.45	24.34
Liabilities (including advances)				
In Foreign Currency	13.85	53.46	1,797.12	0.97
In Rupee Equivalent	902.62	4,346.81	1,112.60	50.12

	As on 31.03.2018 (Amount in Lakhs)			
	USD	Euro	JPY	Others
Assets/ Receivables				
In Foreign Currency	50.34	65.18	1.03	0.15
In Rupee Equivalent	3,241.84	4,464.38	0.59	9.28
Liabilities (including advances)				
In Foreign Currency	16.75	6.46	134.31	0.19
In Rupee Equivalent	1,089.88	451.04	78.35	12.61

c) Sensitivity analysis

A movement of the Indian Rupee, as indicated below, against the USD, Euro, JPY and others at 31st March 2018 would have increased (decreased) profit or loss by the amounts shown below. This analysis is in respect of foreign currency exposure as mentioned in (b) above and based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis is performed on the same basis for previous year, even though the actual foreign exchange rate variances were different.

Amount in ₹ Lakhs

	Impact on Profit or loss (before tax)			
	As on 31st March 2018		As on 31st March 2017	
	Strengthening	Weakening	Strengthening	Weakening
5% Movement in				
USD	(12.35)	12.35	(107.06)	107.06
EURO	64.27	(64.27)	(200.67)	200.67
JPY	49.66	(49.66)	3.89	(3.89)
Others	1.29	(1.29)	(0.17)	0.17

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

ii) Interest Rate Risk

The Company's investments are primarily in Fixed rate interest bearing deposits. Also the borrowings bear fixed rate of interest. Hence, the Company is not significantly exposed to interest rate risks.

d). Capital Management

While managing capital, the Company's objective is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefit for other stakeholders.

The Board of Directors monitors the earnings before interest, depreciation and tax (EBITDA), which the Company defines as result from operating activities before considering finance cost, depreciation & amortisation, exceptional items and tax expenses. The Board of Directors also monitors the level of dividends to equity shareholders

The Company's EBITDA is 6.58% as at 31.03.2018 in comparison to 7.56% as at 31.03.2017.

The Company monitors capital, taking a medium and long term view, on the basis of a number of financial ratios generally used by industry and by the rating agencies.

- 40 a.** The Company does not have any pending litigations which would impact its financial position as on the reporting date except to the extent disclosed in Note.36.
- b. The Company does not have any long term contracts including derivative contracts for which there were any material foreseeable losses. Adequate provision has been made for losses in respect of short term foreign exchange forward contract (Refer Note.22).
- c. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company as on the reporting date-

41. Components of Other Comprehensive Income (OCI)

Items that will not to be reclassified to profit or loss:

Re-measurement gains/ (losses) on defined benefit plans

Income tax on Defined Benefit Plans

- Current Tax

- Deferred Tax

Amount in ₹ Lakhs	
As at 31.03.2018	As at 31.03.2017
15.70	(33.87)
-	11.72
(5.48)	-
10.22	(22.15)

42. EARNINGS PER SHARE

Profit for the year after tax expense

Weighted average number of equity shares

Earnings per share (in Rs.)

Face Value of Share (in Rs.)

1,239.32	40.12
3,32,37,588	3,32,37,588
3.73	0.12
10.00	10.00

43. SEGMENT REPORTING

The company's operation comprises of Manufacturing business & Project Business. Primary segment reporting comprises of Manufacturing Business & Project Business Segments. Secondary segment 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. Property, plant and equipments, 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. Property, plant and equipments, 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.

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

Business segment

Current Year

Sl. No.	Particulars	Primary Segment			Total
		Manufacturing	Project Business	Common	
1.	Segment Revenues				
	External Revenues	39,133.25	6,114.28	-	45,247.53
	Intersegment revenues	(1,714.95)	-	-	(1,714.95)
	Total Revenues	37,418.30	6,114.28	-	43,532.58
2.	Segment Results				
	Profit Before Taxation, Interest and Depreciation	1,561.71	40.97	(378.12)	1,224.56
	Less: Interest	662.13	-	-	662.13
	Less: Depreciation and Amortizations	2,700.04	2.58	2.92	2,705.54
	Total	(1,800.46)	38.39	(381.04)	(2,143.11)
3.	Unallocable & Other Income (including exceptional items)	968.19	13.59	2,872.78	3,854.56
	Less: Tax	472.16	-	-	472.16
	Profit after tax	(1,304.43)	51.98	2,491.74	1,239.29

Previous Year

Sl. No.	Particulars	Primary Segment			Total
		Manufacturing	Project Business	Common	
1.	Segment Revenues				
	External Revenues	35,633.33	6,031.46	-	41,664.79
	Intersegment revenues	(1,682.09)	-	-	(1,682.09)
	Total Revenues	33,951.25	6,031.46	-	39,982.70
2.	Segment Results				
	Profit Before Taxation, Interest and Depreciation	2,326.14	(431.29)	(398.59)	1,496.25
	Less: Interest	406.17	-	-	406.17
	Less: Depreciation and Amortizations	2,766.70	2.58	2.92	2,772.20
	Total	(846.74)	(433.87)	(401.51)	(1,682.12)
3.	Unallocable & Other Income (including exceptional items)	519.43	690.10	584.64	1,794.17
	Less: Tax		71.90	-	71.90
	Profit after tax	(327.31)	184.32	183.13	40.15
4.	Segment Assets - Current Year/Period	51,983.43	4,180.01	15,526.54	71,689.98
	Previous Year (2016-2017)	48,001.92	5,834.93	19,515.99	73,352.85
5.	Segment Liabilities - Current Year/Period	14,034.37	1,175.83	7,803.22	23,013.43
	Previous Year (2016-2017)	16,432.86	2,698.29	6,074.59	25,205.74
6.	Capital Expenditure (Net of disposal) - Current Year/Period	462.19	-	-	462.19
	Previous Year (2016-2017)	224.15	24.19	-	248.34

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

Geographical Segment	Segment revenue by geographical Market	
	Year ended 31.03.2018	Year ended 31.03.2017
Sales to customer in India	40,094.93	36,397.49
Sales to customer outside India	5,152.60	5,267.29
Less: Inter-segmental sales	(1,714.95)	(1,682.09)
Total	43,532.58	39,982.70

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

Particulars	Carrying amounts of segment assets		Additions to fixed assets & Intangible assets (Net)	
	As at 31.03.2018	As at 31.03.2017	As at 31.03.2018	As at 31.03.2017
Located in India	68,937.50	67,985.67	462.19	224.15
Located outside India	2,752.49	5,367.18	-	24.19
Total	71,689.98	73,352.85	462.19	248.34

Information about Major customers

The revenue from operations from customers who exceed 10% of revenue from operations are given below:

	As on 31.03.2018	As on 31.03.2017
Customer A	17.70%	11.32%
Customer B	15.18%	18.52%
Customer C	10.54%	12.95%

44. Disclosure as per Ind AS 19 on 'Employee benefits

A. Gratuity

The Company has a defined benefit gratuity plan. Every employee who has rendered continuous service of five years or more is entitled to gratuity at 15 days salary (15/26 X last drawn basic salary plus dearness allowance) for each completed year of service subject to a maximum of Rs.20 Lakhs. The gratuity liability arises on account of future payments, which are required to be made in the event of retirement, death in service or withdrawal. The liability has been assessed using projected unit credit actuarial method. The company made annual contributions to the Employee's Group Gratuity scheme of the Life Insurance Corporation of India.

i. Movement in net defined benefit asset on Gratuity plan

	Defined benefit obligation		Fair value of plan assets		Net defined benefit asset	
	31-Mar-2018	31-Mar-2017	31-Mar-2018	31-Mar-2017	31-Mar-2018	31-Mar-2017
Opening balance	640.55	515.95	769.69	638.13	129.14	122.18
Included in profit or loss						
Current service cost	64.10	57.09	-	-	(64.10)	(57.09)
Interest cost	45.77	40.49	-	-	(45.77)	(40.49)
Total amount recognised in profit or loss	109.87	97.58	-	-	(109.87)	(97.58)
Included in OCI						
Actuarial loss (gain)	(15.70)	33.87	-	-	15.70	(33.87)

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

Movement in net defined benefit asset on Gratuity plan (Contd.)	Defined benefit obligation		Fair value of plan assets		Net defined benefit asset	
	31-Mar-2018	31-Mar-2017	31-Mar-2018	31-Mar-2017	31-Mar-2018	31-Mar-2017
Interest Income on planned asset	-	-	61.23	53.50	61.23	53.50
Return on plan assets greater / (lesser) than discount rate	-	-	-	-	-	-
Total amount recognised in other comprehensive income	(15.70)	33.87	61.23	53.50	76.93	19.62
Others *	80.75	30.41	-	30.41	(80.75)	-
Contributions paid by the employer	-	-	165.50	84.92	165.50	84.92
Benefits paid	25.65	37.26	25.65	37.26	-	-
Closing balance	789.83	640.55	970.77	769.69	180.95	129.14

* Others consists off: Acquisition adjustments in FY 2016-2017 and Past Service Cost on plan amendment in FY 2017-2018

ii. Details of Plan assets

	31st March 2018	31st March 2017
Government of India securities (central and state)	-	-
High quality corporate bonds (including public sector bonds)	-	-
Equity shares in listed companies	-	-
Schemes of insurance - conventional products	100.00%	100.00%
Schemes of insurance - ULIP products	-	-
	100.00%	100.00%

iii. Actuarial Assumptions

The following were the principal actuarial assumptions at the reporting date.

Financial assumptions

Discount rate	7.60%	7.30%
Salary escalation rate	7.00%	7.00%

Demographic assumptions

Retirement age	58 Years	58 Years
Mortality table	100% of Indian Assured Lives Mortality (2006-08)	
Withdrawal rate % (All ages)	3.00%	3.00%

iv. Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the significant principal assumptions is

	31st March 2018		31st March 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (1% Movement)	(74.83)	89.64	(67.46)	81.64
Salary escalation rate (1% Movement)	85.06	(72.21)	70.76	(62.75)
Withdrawal rate (1% Movement)	5.10	(5.84)	3.82	(4.38)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. This analysis may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

v. Expected benefit payment of the gratuity plan in future years

	Gratuity (Funded)		
	31st March 2018	31st March 2017	1st April 2016
For the year ending			
Less than 1 year	149.26	91.25	65.63
Between 1-2 years	31.97	36.70	38.57
Between 2-3 years	49.84	30.32	37.51
Between 3-4 years	37.79	43.01	30.11
Between 4-5 years	41.78	36.04	46.20
Between 5-10 years	407.34	277.11	248.09

Expected contributions to gratuity plans for the year ending 31st March 2019 is NIL

vi. Risk Exposures

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such company is exposed to various risks such as increase in salary, investment risk, discount rate, mortality, disability and withdrawals.

B. Long term Leave Liability - Unfunded

The company provides for earned leave benefit to the employees which accrue at 15 days (maximum) for the year. The earned leave is encashable while in service and up to a maximum of 105 days on retirement. The leave liability has been treated as other long term benefits and has been assessed using projected unit credit actuarial method.

I. Movement in net defined benefit (asset)/liability

	Defined benefit obligation	
	31 March 2018	31 March 2017
Opening balance	449.42	403.70
Included in profit or loss		
Current service cost	103.14	92.19
Interest cost	32.81	30.02
Actuarial loss (gain)	(121.30)	(29.13)
Total amount recognised in profit or loss	14.65	93.08
Benefits paid	-	47.37
Closing balance	464.06	449.42

II. Actuarial Assumptions

The following were the principal actuarial assumptions at the reporting date.

	31 March 2018	31 March 2017
Financial assumptions		
Discount rate	7.60%	7.30%
Salary escalation rate	7.00%	7.00%
Demographic assumptions		
Mortality table	100% of Indian Assured Lives Mortality (2006-08)	
Withdrawal rate % (All ages)	3.00%	3.00%
Retirement age	58 years	58 years

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

45. RELATED PARTY DISCLOSURE

Related Party	Relationship
D F Power Systems Private Limited	Subsidiary Company
TD Power Systems USA Inc	Subsidiary Company
TD Power Systems Japan Limited	Subsidiary Company
TD Power Systems Europe GMBH	Subsidiary Company
TD Power Systems Jenerator Sanayi Anonim Sirketi	Subsidiary Company
Nikhil Kumar	Key management personnel and their Relatives.
Mohib Khericha	Key management personnel and their Relatives.
K G Prabhakar	Key management personnel and their Relatives.
N Srivatsa	Key management personnel and their Relatives.
Sagir M Khericha	Key management personnel and their Relatives.

DETAILS OF TRANSACTIONS:

Nature of transactions	Subsidiary Company			Key management personnel and their Relatives	
	Year ending 31.03.2018	Year ending 31.03.2017	Year ending 31.03.2016	Year ending 31.03.2018	Year ending 31.03.2017
Directors Remuneration					
Nikhil Kumar					
Short-term employee benefits	-	-	-	204.97	22.50
Other long term employee benefit	-	-	-	21.08	2.70
Dividend	-	-	-	83.50	83.50
K G Prabhakar					
Short-term employee benefits	-	-	-	55.29	51.98
Other long term employee benefit	-	-	-	4.03	3.87
Dividend	-	-	-	0.08	0.08
Remuneration to Key Managerial Personnel					
N Srivatsa					
Short-term employee benefits	-	-	-	46.76	43.78
Other long term employee benefit	-	-	-	3.14	3.02
Dividend	-	-	-	-	-
Directors Sitting fees					
Mohib Khericha	-	-	-	2.20	2.04
Remuneration to Relative of Director					
Sagir M Khericha	-	-	-	-	5.25
D F Power Systems Private Limited					
Management Services to subsidiary (excluding GST)	576.43	-	-	-	-
Commission on guarantee furnished to subsidiary (excluding GST)	1,702.09	-	-	-	-
Amount payable by Holding company	-	68.18	69.66	-	-
Amount receivable by Holding Company	-	-	-	-	-

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

Nature of transactions	Subsidiary Company			Key management personnel and their Relatives	
	Year ending 31.03.2018	Year ending 31.03.2017	Year ending 31.03.2016	Year ending 31.03.2018	Year ending 31.03.2017
DETAILS OF TRANSACTIONS(Contd.)					
TD Power Systems USA Inc					
Sale of Generators and Spares to subsidiary	1,041.92	1,827.61	-	-	-
Inter-Corporate Loan given to subsidiary during the year	193.56	64.52	193.56	-	-
Interest on Inter-Corporate Loan charged	31.88	20.40	-	-	-
Amount payable by Holding company	3.50	3.50	3.57	-	-
Amount receivable by Holding Company	158.27	1,566.52	251.73	-	-
Inter-Corporate Loan balance as at the end of year	709.72	515.52	460.88	-	-
Maximum amount of loan outstanding during the year	709.72	515.52	460.88	-	-
TD Power Systems Europe GMBH					
Sale of Generators and Spares to subsidiary	2,362.67	136.62	-	-	-
Purchase from subsidiary	37.75	0.67	-	-	-
Inter-Corporate Loan given to subsidiary during the year	159.60	-	-	-	-
Interest on Inter-Corporate Loan charged	3.80	-	-	-	-
Amount payable by Holding company	7.39	0.67	-	-	-
Amount receivable by Holding Company	549.88	6.55	-	-	-
Inter-Corporate Loan balance as at the end of year	159.60	-	-	-	-
Investment made during the year	153.47	129.83	130.83	-	-
Maximum amount of loan outstanding during the year	159.60	-	-	-	-
TD Power Systems Jenerator Sanayi Anonim Sirketi					
Investment made during the year	33.25	-	-	-	-

Note: Details of the related party transactions relating to year ended 31st March 2016 is given only for balance sheet items.

46. 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 is Rs.46.81 lakhs (Previous year Rs.48.36 lakhs).

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

47. Provision for warranties are made on an estimated basis. During the year, the Company has made provisions towards Warranty claims, the details of the same are as under:

	As at 31.03.2018	As at 31.03.2017
Balance outstanding at the beginning of the reporting period	186.12	231.89
Provision for the year	33.52	-
Withdrawn and credited to Statement of Profit and Loss	-	45.77
Balance outstanding at the end of the year	219.64	186.12

Provision is made for estimated warranty claims in respect of products sold which are still under warranty at the end of the reporting period. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

48. Subsequent Events

On 23rd May 2018 (2017: 18th May 2017, 2016: 11th May 2016), the Board of Directors of the Company have proposed a dividend of Rs.1.80 (2017: Rs.1.80 2016: Rs.3.05) per share for the year ended 31st March 2018 subject to approval of shareholders at the Annual General Meeting.

49. Research & Development

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

Nature of expenditure	2017-2018	2016-2017
Capital Expenditure	-	-
Revenue Expenditure (excluding depreciation)		
- Employee benefit expenses	542.01	596.21
- Other expenses	47.00	28.63

50. Corporate Social Responsibility

a. Gross amount required to be spent by the company as at the year end - Nil

b. Amount spent as at the end of year is:

Sl. No.	Towards	Spent	To be spent	Total
1.	Construction/acquisition of any asset	-	-	-
2.	On purposes other than (1) above	178.77	-	178.77

a. Gross amount required to be spent by the company during previous year Rs.146.59 lakhs

b. Amount spent during previous year on

Sl. No.	Towards	Spent	To be spent	Total
1.	Construction/acquisition of any asset	-	-	-
2.	On purposes other than (1) above	117.27	29.32	146.59

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

51. Consequent to closure of the guarantee provided to the Indian Subsidiary, the company has recovered guarantee commission from its Indian Subsidiary which was prohibited by the Bank under the terms of the Guarantee document. The amount of commission so recovered from the subsidiary aggregating to Rs.1,702.09 lakhs (excluding tax) has been disclosed under exceptional items in the above financial statement. Exceptional items also include other service charges not recovered from the said subsidiary earlier amounting to Rs. 511.89 lakhs (excluding tax) which have been recovered during the year.
52. The company has evaluated the financial position of its Indian Subsidiary for the purposes of transition to Ind_AS and has accordingly recorded a provision of Rs.1,440.75 lakhs being the excess of the carrying value of the Investment of the subsidiary over the face value, by debit to the Other Equity as on 1st April 2016.

No further provision for impairment in the carrying value of the investments of the subsidiaries in the standalone financial statements is considered necessary as in the view of the management, the diminution in the net value of assets of these subsidiaries is not of a permanent nature considering the future business prospect of these subsidiaries.

53. The standalone financial information of the Company for transition date i.e. opening standalone balance sheet date being April 1, 2016 and previous year ended March 31, 2017, included in these standalone financial statements, are based on the previously issued standalone financial statements which were prepared under previous GAAP and audited by a firm of Chartered Accountants other than Varma & Varma, Chartered Accountants as adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have been audited by Varma & Varma, Chartered Accountants.

As per our report of even date attached

For and on behalf of Board of Directors

Mohib N. Khericha
Chairman

Nikhil Kumar
Managing Director

K. G. Prabhakar
Director & Chief Financial Officer

N. Srivatsa
Company Secretary

For **Varma & Varma**
Chartered Accountants
Firm Registration No. 004532S

K P Srinivas
Partner
Membership No.208520

Place : Bangalore
Date : May 23, 2018

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To
THE MEMBERS OF
TD POWER SYSTEMS LIMITED

Report on the Audit of the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of TD Power Systems Limited (hereinafter referred to as 'the Holding Company') and its five subsidiaries (the Holding Company and its five subsidiaries together referred to as 'the Group') comprising of the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow statement for the year then ended and a summary of the significant accounting policies, notes on consolidated financial statements and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

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

While conducting the 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 of the consolidated financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable pronouncement 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated 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 Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements, the aforesaid consolidated 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 consolidated state of affairs of the Group as at 31st March, 2018, and their consolidated loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows for the year ended on that date.

Other Matters

- a) We did not audit the financial statements of one Indian subsidiary considered in the preparation of the consolidated financial statements, which constitute Net liability INR 1,775.98 lakhs, total revenue nil and net loss after tax Rs.2,303.16 lakhs as at 31st March 2018, which has been audited by the auditor of that company and whose report have been furnished to us by the management, and our opinion on the statement, to the extent they have been derived from such financial

INDEPENDENT AUDITORS' REPORT (CONTD.)

statements is solely on the basis of such report of the other auditor.

- b) We did not audit the financial information of one foreign subsidiary, TD Power Systems Japan Limited, considered in the preparation of the consolidated financial statements, which constitute Net Asset of INR 277.22 lakhs, total revenue as nil and net loss after tax Rs.112.29 lakhs as at 31st March 2018, which has been audited by the auditor of that company in Japan whose audit report has been furnished to us by the management, and our opinion on the statement, to the extent they have been derived from such financial statement is solely on the basis of such report of the other auditor.
- c) We did not audit the financial information of three foreign subsidiaries considered in the preparation of consolidated financial statements, which constitute Net liability of INR 585.43 Lakhs total revenue of Rs. 3,680.71 lakhs and net loss after tax Rs.246.54 lakhs as at 31st March 2018. The special purpose financial statements of these three foreign subsidiaries prepared for the purpose of consolidation have been audited by an independent firm of Chartered Accountants in India, and our opinion on the statement, to the extent they have been derived from such financial statements is solely on the basis of the audit report on the special purpose financial statements.

The comparative financial information of the company for the year ended 31st March, 2017 included in the statement are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rule, 2006, audited by the predecessor auditor who has given an unmodified opinion on those financial statements and have been restated by the company to comply with Ind AS. Adjustments to the said comparative financial information for the differences in Accounting Principles adopted by the Company on transition to the Ind AS have been audited by us.

Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below, remains unmodified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act and on the consideration of the report of the other auditors on separate financial statements and other financial information of five subsidiaries as noted in the 'Other Matters' paragraph, we report, to the extent applicable, 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 purposes of our audit of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of account/records for consolidation as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account/records for consolidation maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company and its Indian subsidiary as on 31st March, 2018 taken on record by the Board of Directors of the Holding Company/ Indian subsidiary, none of the directors of the Holding Company and its subsidiary company incorporated in India is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and its subsidiary incorporated in India and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A'; and
- (g) With respect to the other matters to be included in the Auditor's 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 and on the consideration of the report of the other auditors on separate financial statements of five subsidiaries, as noted in the 'Other Matters' paragraph:
 - i. The Consolidated financial statements disclose the impact of pending litigations on its Consolidated financial position of the group - Refer Note No 25 of Consolidated financial statements;
 - ii. The Group has made provision as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts for which there were material foreseeable losses;
 - iii. There has been no delay in transferring amounts, required to be transferred during the year, to the Investor Education and Protection Fund by the Holding Company. There was no amount which was required to be transferred during the year to the Investor Education and Protection Fund by the subsidiary company incorporated in India;

For **VARMA & VARMA**
Chartered Accountants
FRN 004532S

Bangalore
May 23, 2018

K.P.SRINIVAS
Partner
Membership No. 208520

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

ANNEXURE REFERRED TO IN PARA 2 (F) "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF THE INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March 2018, we have audited the internal financial controls over financial reporting of TD Power Systems Limited ("the Holding Company") and its subsidiary company incorporated in India as of that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the holding company and Board of Directors of the subsidiary company incorporated in India are 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 issued by the Institute of Chartered Accountants of India. 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 Companies Act, 2013.

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 on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 judgment, including the assessment of the risks of material misstatement of financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and audit evidence obtained by the auditor of the subsidiary company incorporated in India in terms of their report referred to in the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company and its subsidiary company incorporated in India.

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 controls 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 and based on the report of the auditors of its subsidiary company incorporated in India, the Holding Company and its subsidiary incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT (CONTD.)

as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company and its subsidiary company incorporated in India considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to the subsidiary company incorporated in India is based solely on the corresponding report of the auditor of the said subsidiary incorporated in India.

Bangalore
May 23, 2018

For **VARMA & VARMA**
Chartered Accountants
FRN 004532S

K.P.SRINIVAS
Partner
Membership No. 208520

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2018

Amount in ₹ Lakhs

	Note No.	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
ASSETS							
Non - current assets							
Property, Plant and Equipment	2	20,981.36		23,088.56		25,452.90	
Capital work in progress	3	0.63		3.03		0.63	
Intangible assets Other than Goodwill	4	345.84		246.31		369.46	
Intangible assets under development	5	62.00		65.63		65.63	
Financial assets							
Investments	6	0.50		0.50		0.50	
Other financial assets	7	7,693.98		11,775.32		9,326.01	
Other non-current assets	8	1,717.51	30,801.82	1,453.97	36,633.32	1,474.10	36,689.23
Current Assets							
Inventories	9	8,165.62		7,998.23		8,812.65	
Financial assets							
Trade receivables	10	18,510.68		16,054.27		14,391.04	
Cash and cash equivalents	11	5,207.39		4,537.83		5,483.39	
Bank balances other than Cash and Cash equivalents	12	4,310.69		6,300.00		8,725.86	
Other financial assets	13	1,987.42		1,430.90		673.47	
Other current assets	14	1,862.46	40,044.26	1,964.43	38,285.66	3,124.54	41,210.95
Total		70,846.08		74,918.98		77,900.18	
EQUITY AND LIABILITIES							
Equity							
Equity Share Capital	15	3,323.76		3,323.76		3,323.76	
Other Equity	16	41,617.00	44,940.76	43,729.54	47,053.30	45,388.32	48,712.08
Non - current liabilities							
Provisions	17	352.39		465.93		452.83	
Deferred tax liabilities (Net)	18	942.96	1,295.35	1,123.53	1,589.46	1,132.80	1,585.63
Current Liabilities							
Financial Liabilities							
Short-term Borrowings	19	6,860.26		4,534.28		2,764.15	
Trade payables	20	11,905.85		13,014.84		14,462.52	
Other financial liabilities	21	3,449.17		3,426.20		6,017.92	
Other current liabilities	22	1,717.19		4,752.59		4,032.88	
Provisions	23	331.75		275.81		310.95	
Current tax liability - Net	24	345.75	24,609.97	272.50	26,276.22	14.05	27,602.47
Total		70,846.08		74,918.98		77,900.18	

The accompanying notes forms an integral part of the consolidated financial statements

For and on behalf of Board of Directors

Mohib N. Khericha
Chairman

Nikhil Kumar
Managing Director

K. G. Prabhakar
Director & Chief Financial Officer

N. Srivatsa
Company Secretary

This is the consolidated balance sheet referred to in our report of even date attached

For **Varma & Varma**
Chartered Accountants
Firm Registration No. 004532S

K P Srinivas
Partner
Membership No.208520

Place : Bangalore
Date : May 23, 2018

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

	Note No.	Year ended 31.03.2018	Year ended 31.03.2017
Revenue from Operations	26	43,776.92	41,029.58
Other Income	27	1,588.01	2,021.91
Total Revenue		45,364.93	43,051.49
Expenses			
Cost of materials consumed	28	28,714.50	22,008.07
Purchases for Project Business	29	3,158.31	3,527.38
Changes in inventories of finished goods, work in progress and stock in trade	30	(854.27)	228.09
Excise Duty on sale of goods	31	288.98	3,036.68
Employee benefits expense	32	6,934.02	6,341.03
Finance costs	33	665.56	414.29
Depreciation and amortization expense	34	2,711.29	2,785.55
Other expenses	35	4,698.93	5,068.43
Total Expenses		46,317.32	43,409.52
Profit/(loss) before exceptional items and tax		(952.39)	(358.03)
Exceptional Items		-	-
Profit/(loss)before tax		(952.39)	(358.03)
Tax expense:			
Current tax		676.11	93.89
Deferred tax		(186.06)	(9.27)
Profit/(loss) for the year		(1,442.44)	(442.65)
Other comprehensive income			
Exchange difference on translation of foreign operations		19.75	23.37
Income tax on Exchange difference		-	-
Items that will not be reclassified to profit or loss		15.70	(31.79)
Income tax on Defined Benefit Plans			
- Current Tax		-	11.74
- Deferred Tax		(5.48)	-
Total		29.97	3.32
Total comprehensive income		(1,412.47)	(439.33)
Earnings per equity share of Rs. 10/- each:			
Basic & Diluted	36	(4.34)	(1.33)

The accompanying notes forms an integral part of the consolidated financial statements

This is the consolidated statement of profit and loss referred to in our report of even date attached

For and on behalf of Board of Directors

Mohib N. Khericha
Chairman

Nikhil Kumar
Managing Director

K. G. Prabhakar
Director & Chief Financial Officer

N. Srivatsa
Company Secretary

For **Varma & Varma**
Chartered Accountants
Firm Registration No. 004532S

K P Srinivas
Partner
Membership No.208520

Place : Bangalore
Date : May 23, 2018

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT MARCH 31, 2018

Amount in ₹ Lakhs

A. Equity share capital		
Equity shares of Rs. 10 each issued, subscribed and fully paid		
As at 1st April 2016		3,323.76
Issue of share capital		-
As at 31st March 2017		3,323.76
Issue of share capital		-
As at 31st March 2018		3,323.76

B. Other equity

	Reserves and surplus				Total
	Securities premium account	Capital reserve	General reserve	Retained earnings	
As at 1st April 2016	20,507.63	718.29	3,369.91	20,792.48	45,388.32
Profit for the year 1st April 2016 to 31st March 2017	-	-	-	(439.33)	(439.33)
Less: Reclassification of FCTR of foreign subsidiary	-	-	-	(0.68)	(0.68)
Dividend including Dividend distribution tax	-	-	-	(1,220.12)	(1,220.12)
As at 31st March 2017	20,507.63	718.29	3,369.91	19,133.70	43,729.54
As at 1st April 2017	20,507.63	718.29	3,369.91	19,133.70	43,729.54
Profit for the year 1st April 2017 to 31st March 2018	-	-	-	(1,412.47)	(1,412.47)
Less: Reclassification of FCTR of foreign subsidiary	-	-	-	(20.00)	(20.00)
Dividend including dividend distribution tax	-	-	-	(720.07)	(720.07)
As at 31st March 2018	20,507.63	718.29	3,369.91	17,021.16	41,617.00

The accompanying notes forms an integral part of the consolidated financial statements

This is the consolidated statement of changes in equity referred to in our report of even date attached

For and on behalf of Board of Directors

Mohib N. Khericha
Chairman

Nikhil Kumar
Managing Director

K. G. Prabhakar
Director & Chief Financial Officer

N. Srivatsa
Company Secretary

For **Varma & Varma**
Chartered Accountants
Firm Registration No. 004532S

K P Srinivas
Partner Membership
No.208520

Place : Bangalore
Date : May 23, 2018

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

Amount in ₹ Lakhs

	Year ended 31.03.2018		Year ended 31.03.2017
A Cash flow from operating activities			
Net Profit before tax		(952.39)	(358.03)
Adjustments for			
Depreciation	2,556.55		2,662.40
Amortisation	154.74		123.15
(Profit) / Loss on disposal of property, plant and equipments	62.41		71.66
Deferred Revenue	20.47		(2.00)
Dividend Income	(0.06)		(0.06)
Interest Income	(988.15)		(1,294.71)
Interest Payments	665.56		414.29
Provision for Warranty Claims	33.52		(45.77)
Interest income on financial liability	(0.06)		(0.14)
Actuarial Loss/(gain)	-		(31.79)
Unrealised Foreign Exchange Loss (net)	231.15		78.32
Provision for Leave Encashment	(4.29)	2,731.84	14.48
Operating profit before Working Capital Changes		1,779.45	1,631.80
Adjustments for			
Decrease/(Increase) in trade receivables	(2,345.09)		(1,804.46)
Decrease/(Increase) Other Receivables	5,332.14		1,115.37
(Increase) / Decrease in Inventories	(167.39)		814.42
(Decrease)/Increase in Trade Payables	(1,112.39)		(1,389.76)
(Decrease)/Increase in Other Payable	(3,087.03)	(1,379.75)	(1,785.21)
Cash generated from Operations		399.70	(1,417.84)
Direct Taxes Paid including TDS	560.19	560.19	560.59
Net Cash Flow from Operating Activities		(160.49)	(1,978.43)
B Cash flow from Investing Activities			
Payment for property, plant and equipments	(719.83)		(370.40)
Proceeds from disposal of property, plant and equipments	(40.19)		(1.73)
Dividend Received	0.06		0.06
Interest Received	902.92		1,240.85
Net Cash used in investing activities		142.96	868.78
C Cash flow from financing activities			
Proceeds from Working Capital borrowings (net)	1,948.21		(1,770.13)
Interest Paid	(665.56)		(414.29)
Dividend Paid, including dividend tax	(720.07)		(1,220.12)
Net Cash flow from financing activities		562.58	135.72
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies		104.77	5.00
Net increase/decrease in cash and cash equivalents		649.82	(968.93)
Net Foreign exchange difference on translation of foreign operations		19.75	23.37
Cash and cash equivalents at the beginning of the year		4,537.83	5,483.39
Cash and cash equivalents at the end of the year		5,207.39	4,537.83

CONSOLIDATED CASH FLOW STATEMENT (CONTD.)

Amount in ₹ Lakhs

	Year ended 31.03.2018	Year ended 31.03.2017
Cash and cash equivalents at the end of the year- Constitute		
- Balances with banks		
In current accounts	3,302.44	3,501.00
In EEFC Account	1,903.53	1,031.67
Cash on hand	0.57	3.87
Other bank balances	0.85	1.29
	5,207.39	4,537.83

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

The accompanying notes forms an integral part of the consolidated financial statements

This is the consolidated cash flow statement referred to in our report of even date attached

For and on behalf of Board of Directors

Mohib N. Khericha
Chairman

Nikhil Kumar
Managing Director

K. G. Prabhakar
Director & Chief Financial Officer

N. Srivatsa
Company Secretary

For **Varma & Varma**
Chartered Accountants
Firm Registration No. 004532S

K P Srinivas
Partner
Membership No.208520

Place : Bangalore
Date : May 23, 2018

SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2018

Corporate Information

The Company is incorporated and domiciled in India. Consequent to a Special Resolution of the Members, passed at the Company's Extra Ordinary General Meeting held on 17th January 2011, the Company was 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 was issued by the Registrar of Companies, Karnataka. The registered office of the Company is located at Dabaspeta, Nelamangala Taluk Bangalore — 562 111. The Company is engaged in manufacturing AC Generators and Electric Motors for various applications which are specifically designed and tailor-made to suit the needs of the customers based on their requirements and specifications.

The consolidated financial statements for the year ended March 31, 2018 were approved by the Board of Directors and authorised for issue on May 23, 2018.

The company's subscription to the Share Capital of its Wholly Owned Subsidiaries included in investment under non-current assets as at 31st March 2018 are as follows: -

- a. 80,100 Equity Shares of USD 10 each in TD Power Systems USA Inc, USA
- b. 2,000 Equity Share of JPY 10,000 each in TD Power Systems Japan Limited, JAPAN
- c. 5,50,000 * Equity Share of Euro 1 each in TD Power Systems Europe GmbH, EUROPE (*erstwhile Platin 1255 GmbH acquired by the company during January 2016)
- d. 59,99,998 Equity Shares of Rs. 10 each in D F Power Systems Private Limited (excluding two shares beneficially held by the Directors of the Company).
- e. 1,893 Equiry Shares of Turkish Lira 100 each in TD Power System Jenerator Sanayi Anonim Sirketi which was incorporated on June 21, 2017

1.

1.1 Statement of Compliance

- a. In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time with effect from April 1, 2017. In accordance with Ind AS 101 First time adoption of Indian Accounting Standard, the company has presented a reconciliation from the presentation of financial under previous GAAP to Ind AS shareholder's equity as at March 31, 2017 and April 1, 2016.
- b. Up to the year ended March 31, 2017, the company prepared its financial statements in accordance with the requirements of previous GAAP, which includes standards notified under the Companies

(Accounting Standards) Rules, 2006. The Company has adopted all Ind AS standards and the adoption was carried out in accordance with 'Ind AS 101 - First time adoption of Indian Accounting Standards'. These consolidated financial statements are the first financial statements of the Company under Ind AS. The date of transition to Ind AS is April 1, 2016. Refer note-37 for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows and for the details of first-time adoption exemption availed by the Company.

c. Principles of Consolidation

Subsidiaries

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 is in excess of cost of investment of the Group, it is recognized as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.

1.2 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared on going concern basis and on accrual method of accounting. Historical cost is used except for certain financial assets and liabilities that are measured at fair values at the end of each reporting period, as explained in accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The consolidated financial statements are presented in Indian Rupees ("INR / ₹") and all values are rounded to the nearest lakhs (INR 00,000), except when otherwise indicated.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

1.3 Use of estimates and judgments

The preparation of the financial statements in conformity with recognition and measurement principles of Ind AS requires management of the Company to make estimates, judgments and

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

assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses for the period presented. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these consolidated financial statements have been disclosed in Note 1.5 Accounting estimates could change from period to period and have actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the consolidated financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

1.4 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

- a. An asset is treated as current when it is:
 - Expected to be realized or intended to be sold or consumed in normal operating cycle.
 - Held primarily for the purpose of trading
 - Expected to be realized within twelve months after the reporting period, or
 - Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.
- b. A liability is treated as current when it is:
 - Expected to be settled in normal operating cycle
 - Held primarily for the purpose of trading
 - Due to be settled within twelve months after the reporting period, or
 - There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.
- c. Deferred tax assets/ liabilities are classified as non-current assets/ liabilities.
- d. Based on the nature of products/activities of the Company and the normal time between acquisition of the assets and the realization in cash and cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

1.5 Critical accounting estimates

a. Revenue Recognition

The Company uses the percentage-of-completion method in accounting for its service contracts. Use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

b. Property, Plant and Equipment

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

c. Intangible Assets

The capitalization of cost in intangible asset under development is based on judgement of the management that technological and economical feasibility is confirmed and that the assets will generate economic benefits in future. Based on evolution carried out the Company's management has determined that there are no factors which indicate that these assets have suffered any impairment loss.

d. Investment in subsidiaries

The Company reviews its carrying value of investments carried at amortized cost annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for. The management of the Company is confident that the investment does not require further impairment based on the future projection and also considering the fact that some of the subsidiaries are at early stage of their operations.

e. Valuation of deferred tax assets

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy for the same has been explained under Note 1.15.

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

f. Provision and Contingent liability

The Company receives pending cases, claims by third party and other contingencies, if any on an on-going basis. For contingent losses that are considered probable, and estimated loss is recorded as an accrual in consolidated financial statements. Loss contingencies that are considered possible are not provided for but disclosed in the consolidated financial statements as contingent liabilities. Contingencies the likelihood of which remote are not disclosed in the consolidated financial statements. Gain contingencies are not recognized until the contingencies are resolved and the amounts are received or recoverable.

g. Provision and Credit loss

The Company reviews the position of trade receivable and ascertains a provision for life time credit loss after considering the industry and economic conditions in which customer operate, the profile of the customer and the past experience.

estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

Dividend Income

Revenue is recognised when the Company's right to receive the payment is established.

Interest Income

Interest income is recognised using effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of financial asset.

SIGNIFICANT ACCOUNTING POLICIES**1.6 Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, and value added tax/GST.

The Company recognizes revenue from sale of goods when the following criteria have been satisfied:

- a. the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- b. the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- c. the amount of revenue can be measured reliably;
- d. it is probable that the economic benefits associated with the transaction will flow to the entity; and
- e. the costs incurred or to be incurred in respect of the transaction can be measured reliably.

i. Timing of recognition

Revenue from Sale of Manufactured goods and in case of project business is recognized on shipment to customers or acceptance by the customers. On Service contracts, revenue is recognised based on the estimates made on completion as at the end of the reporting period.

ii. Measurement of revenue

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in

1.7 Export Incentives

Export incentives are recognized in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of exports made and when there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

1.8 Property, plant and equipment**Initial Measurement**

Free hold land is carried at historical cost. All other items of Property, plant and equipment ("PPE") are carried at cost less accumulated depreciation/amortization and impairment losses, if any. All items of Property, Plant and Equipment's are carried at cost of acquisition/construction net of recoverable taxes, less accumulated depreciation/amortization and impairment losses, if any. The cost includes incidental expenses relating to the acquisition and finance cost till assets are put to use, are capitalized. Stores, spares and parts which can be used only in connecting with an item of tangible assets and whose useful life is expected to be irregular are capitalized and depreciated over the useful life of the principal item of the relevant assets.

Property, Plant and Equipment manufactured internally are capitalized at Factory Cost.

Capital work in progress

Property, Plant and Equipment which are not yet ready for their intended use are carried at cost, comprising direct cost and related incidental expenses. Advances paid towards acquisition of PPE outstanding at each balance sheet date are classified as Capital advances under other non-current assets.

Depreciation and amortization

- i. Depreciation on tangible assets is provided using straight line method (SLM) with reference to the estimated useful life of the Property, Plant and Equipment less its residual value as prescribed under Schedule II of The Companies Act 2013, or

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

useful life of the asset as estimated by the management, whichever is lower. Property, Plant and Equipment costing below Rs. 5,000/- are depreciated fully. Depreciation is charged for complete quarter on addition / deletion.

- ii. Freehold land is not depreciated.
- iii. Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use.

The estimated useful lives are as mentioned below:

Type of asset	Useful life
Factory buildings	30 Years
Non-factory buildings	60 Years
Plant & Machinery - Double shift basis	10 Years
Office equipment's	5 Years
Furniture and fixtures	10 Years
Computers	3 Years
Computers Server	6 Years
Communication Equipment	5 Years
Motor Vehicles	8 Years

Derecognition

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in statement of profit or loss.

1.9 Intangible assets

Intangible assets with finite lives that are acquired are carried at cost or fair value as of the date of acquisition, as applicable, less accumulated amortization and accumulated impairment losses, if any. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets consist of technical knowhow/ license fees which are amortized over a period of 5 years on a straight-line basis.

1.10 Research & Development

Expenditure on research 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.

Development costs are capitalized only after the technical and commercial feasibility of the asset for sale or use has been established.

Capital Expenditure is categorized and disclosed separately as Research & Development PPE and depreciation is charged as prescribed under the Act discussed in para 2.7 above.

1.11 Impairment of Assets

a. Financial assets (other than at fair value)

The Company assesses at the end of each reporting period, whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

b. Non-financial assets

Tangible and intangible assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.

1.12 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 and includes material cost, carriage inward, insurance and purchase related expenses. Cost in respect of work in progress and finished goods include appropriate portion of overhead. Net realization value represents the selling price for inventory less all estimated cost of completion and cost necessary to make the sale.

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

1.13 Employee benefits

Employee benefits include provident fund, pension fund, employee state insurance scheme, compensated absences and gratuity.

a. Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by the employees are recognized during the year when the employee render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related services.

b. Long-term employee benefits

Long term employee benefits include compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation as at balance sheet date less the fair value of the plan assets, if any out of which the obligations are expected to be settled.

c. Defined benefit plans

For defined benefit plans in the form of Gratuity (funded), the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at the end of each reporting period, taking effect of actuarial gains and losses which is recognised in Other Comprehensive Income. The amount is funded to gratuity fund administered by the trustees and managed by Life Insurance Corporation of India.

Re-measurement of net defined benefit liability/ asset pertaining to gratuity comprise of actuarial gains/ losses (i.e. changes in the present value resulting from experience adjustments and effects of changes in actuarial assumptions) and is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to statement of profit or loss.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expenses in the statement of profit and loss.

Past service cost is recognized immediately in the statement of profit and loss. The benefits obligation in respect of gratuity recognized in the Balance Sheet represents the present value of the defined

benefit obligation as adjusted for present value plan assets including refunds and reductions if any available as against future contributions to the scheme.

d. Defined contribution plans

The Company has contributed to provident fund and employee state insurance scheme which is defined contribution plan. The contribution paid/ payable under the scheme is charged to Statement of Profit and loss during the year in which an employee renders the related service. Company has no further obligation beyond making the payment.

e. Termination benefits are recognized as an expense as and when incurred.

1.14 Leases**Finance lease**

Assets taken on lease by the Company in its capacity as lessee, where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Such leases are capitalized at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is recognised for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Operating lease

Lease arrangements other than a finance lease, are recognised as Operating lease. Operating lease payments are recognised on a straight-line basis over the lease term in the statement of profit and loss, unless the increase is on account of expected general inflation. Such increases are recognised in the year in which such increases accrue.

1.15 Income taxes

The group's major tax jurisdictions are India, USA, Japan, Germany and Turkey. Significant jurisdiction are involved in determining the provisions for Income Taxes/tax credits including the amount to be paid or refunded.

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in statement of profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

a. Current Income Taxes

The current income tax expense includes income taxes payable by the Company and its overseas branches.

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

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on a net basis or where it has legally enforceable right to set off the recognized amount.

b. Deferred Income Taxes

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount.

Deferred income tax asset is recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits including credit in respect of minimum alternate tax(MAT) and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

1.16 Foreign Currency

a. Functional and presentation currency

The Consolidated financial statement is presented in Indian Rupee (₹), which is also the Group functional currency. For each entity the group determines the functional currency and the item included in the financial statement of each entity are measured using that functional currency.

The functional currency of the Company and its Indian subsidiary is Indian Rupee whereas the functional currency of foreign subsidiaries is the currency of their countries of domicile.

b. Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying foreign currency

exchange rates between the reporting currency and the foreign currency prevailing at the dates of the transactions.

c. Measurement of foreign currency monetary items and Non-monetary items at the balance sheet date

Foreign non - monetary items which are carried in terms of historical cost denominated in a foreign currency monetary items outstanding at the balance sheet date are restated at the rate as on reporting date currency are not restated and hence is reported using the exchange rate prevailing at the date of transactions.

d. Treatment of exchange differences on monetary items

Exchange differences arising on settlement/ restatement of foreign currency assets and liabilities of the Company are recognized as income or expense in the statement of profit and loss in the period in which they arise.

e. In respect of overseas branch, financial statements are translated as if the transactions are those of the Company itself i.e. Indian Rupees(INR) as the functional currency since overseas branch are primarily involved in selling/marketing goods manufactured by the Company in India.

1.17 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of any entity and a financial liability or equity instrument of another entity. Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

i. Cash & Cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

ii. Financial assets at amortized cost

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows

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

and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii. Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in statement of profit and loss.

iv. Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, for trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments. Financial liabilities at Fair value through profit and Loss are stated at fair value, with any gains or losses arising on re-measurement in Profit and loss statement.

v. Equity Instrument

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a company are recognised at the proceeds received, net of issue costs.

vi. De-recognition of financial instruments

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized when the obligation specified in the contract is discharged or cancelled or expires.

vii. Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. In respect of trade receivables, the Company applies simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

viii. Investments in subsidiary

Investments in subsidiary are carried at cost less accumulated impairment, if any.

ix. Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses following hierarchy and assumptions that are based on market conditions and risks existing at each reporting date.

Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

1.18 Accounting for Derivatives

Derivatives are initially recognized at fair value and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gains/losses is recognized in the statement of profit and loss of that period.

1.19 Borrowing Cost

General and specific borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period that is required to complete and prepare the asset for its intended use. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are charged to statement of Profit and Loss in the period in which they are incurred.

1.20 Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply

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

with the conditions attached to them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

1.21 Cash Flow statement

Cash flows are reported using Indirect method, whereby profit for the period is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, financing and investing activity of the company are segregated.

1.22 Provision and contingencies

A Provision is recognized when an enterprise has a present (legal or constructive) obligation as a result of past event; and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the notes.

Provision for warranty

Provision for warranty related cost are recognized when the product is sold. Initial recognition is based on historical experience and future estimates of claims by the management. The estimate of such warranty related cost is revised annually.

1.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Refer Note 41 for segment information presented.

1.24 Earnings per share

Basic earnings/ (loss) per share are computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other changes or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earning for share and weighted average number of shares which could have been issued on the conversion of all dilutive potential equity shares.

The number of equity shares is adjusted retrospectively for all periods presented for any share splits and bonus shares issued.

1.25 Dividend Distribution

Dividend paid (including income tax thereon) is recognized in the period in which the interim dividend is approved by the Board of Directors, or in the respect of the final dividend when approved by shareholders.

1.26 Standards issued but not yet effective (IND AS)

Ministry of Corporate Affairs (“MCA”) through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective for annual periods beginning on or after April 1, 2018:

Ind AS 115 - Revenue from Contracts with Customers

Ind AS 21 - The Effect of Changes in Foreign Exchange Rates

Ind AS 115 - Revenue from Contracts with Customers
Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 – Revenue, Ind AS 11 – Construction Contracts when it becomes effective.

The core principle of Ind AS 115 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1 : Identify the contract(s) with a customer
- Step 2: Identify the performance obligation in contract
- Step 3 : Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligation in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer.

The Company is in the process of evaluation of the possible impact of Ind AS 115 and will adopt the standard with effect from 1st April 2018.

Ind AS 21 – The Effect of Changes in Foreign Exchange Rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in foreign currency. The appendix explains that the date of the transaction, for

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

the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company is evaluating the impact of this amendment on its consolidated financial statements.

1.27 The consolidation of financial statement (CFS) present the consolidated accounts of TD Power Systems Limited with its following subsidiaries

Name of the Subsidiary	Country of Incorporation	Proportion of ownership
DF Power Systems Private Limited	India	100%
TD Power Systems Japan Limited	Japan	100%
TD Power Systems USA Inc	United States of America	100%
TD Power Systems Europe GmbH	Germany	100%
TD Power Systems Jenerator Sanayi A.S	Turkey	100%

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NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

NOTE-2: PROPERTY, PLANT AND EQUIPMENT

Particulars	Gross Block				Depreciation				Written Down Value		
	As at 01.04.2017	Additions	Disposal	As at 31.03.2018	As at 01.04.2017	For the year	Disposal	As at 31.03.2018	As at 31.03.2018	As at 31.03.2017	
Free Hold Land	2,753.07	8.48	-	2,761.55	-	-	-	-	2,761.55	2,753.07	
Buildings	11,129.34	-	-	11,129.34	1,997.28	370.07	-	2,367.35	8,761.99	9,132.06	
Plant & Machinery	19,881.58	304.47	32.09	20,153.96	10,052.00	1,819.16	12.25	11,858.91	8,295.05	9,829.57	
Office Equipments	297.79	7.00	0.30	304.49	198.87	29.72	0.19	228.40	76.09	98.92	
Furniture & Fixtures	363.94	1.68	3.77	361.85	202.60	26.74	3.72	225.62	136.22	161.34	
Computers	505.89	149.95	11.70	644.14	426.28	66.35	10.79	481.84	162.29	79.60	
Communication Equipments	22.21	-	-	22.21	15.76	1.42	-	17.18	5.03	6.44	
Motor Vehicles	354.66	-	10.83	343.83	240.58	44.03	9.52	275.09	68.75	114.08	
Total	35,308.48	471.58	58.69	35,721.37	13,133.37	2,357.49	36.47	15,454.39	20,266.96	22,175.08	

PROPERTY, PLANT AND EQUIPMENT - RESEARCH & DEVELOPMENT

Particulars	Gross Block				Depreciation				Written Down Value		
	As at 01.04.2017	Additions	Disposal	As at 31.03.2018	As at 01.04.2017	For the year	Disposal	As at 31.03.2018	As at 31.03.2018	As at 31.03.2017	
Plant & Machinery	1,600.92	-	-	1,600.92	199.07	199.07	-	886.52	714.40	913.47	
Total	1,600.92	-	-	1,600.92	199.07	199.07	-	886.52	714.40	913.47	
Total	36,909.40	471.58	58.69	37,322.29	2,556.56	2,550.81	36.47	16,340.91	20,981.36	23,088.55	

NOTE-2: PROPERTY, PLANT AND EQUIPMENT

Particulars	Gross Block				Depreciation				Written Down Value		
	As at 01.04.2016	Additions	Disposal	As at 31.03.2017	As at 01.04.2016	For the year	Disposal	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016	
Free Hold Land	2,644.49	108.58	-	2,753.07	-	-	-	-	2,753.07	2,644.49	
Buildings	11,129.34	-	-	11,129.34	1,624.78	372.50	-	1,997.28	9,132.06	9,504.56	
Plant & Machinery	19,778.94	168.81	66.17	19,881.58	8,100.90	1,968.05	16.95	10,052.00	9,829.57	11,678.04	
Office Equipments	327.74	12.62	42.57	297.79	204.78	34.02	39.93	198.87	98.92	122.96	
Furniture & Fixtures	361.93	8.84	6.83	363.94	174.81	31.57	3.78	202.60	161.34	187.12	
Computers	552.74	39.65	86.51	505.89	464.07	45.44	83.23	426.28	79.60	88.67	
Communication Equipments	16.91	5.30	-	22.21	15.01	0.75	-	15.76	6.44	1.90	
Motor Vehicles	398.20	24.19	67.73	354.66	245.76	50.82	56.00	240.58	114.08	152.44	
Total	35,210.29	367.99	269.81	35,308.47	10,830.11	2,503.15	199.89	13,133.37	22,175.09	24,380.18	

PROPERTY, PLANT AND EQUIPMENT - RESEARCH & DEVELOPMENT

Particulars	Gross Block				Depreciation				Written Down Value		
	As at 01.04.2016	Additions	Disposal	As at 31.03.2017	As at 01.04.2016	For the year	Disposal	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016	
Plant & Machinery	1,600.92	-	-	1,600.92	528.20	159.25	-	687.45	913.47	1,072.72	
Total	1,600.92	-	-	1,600.92	528.20	159.25	-	687.45	913.47	1,072.72	
Total	36,811.21	367.99	269.81	36,909.39	11,358.31	2,662.40	199.89	13,820.82	23,088.56	25,452.90	

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

NOTE-2: PROPERTY, PLANT AND EQUIPMENT (Contd.)

Particulars	Gross Block				Depreciation				Written Down Value	
	As at 01.04.2015	Additions	Disposal	As at 31.03.2016	As at 01.04.2015	For the year	Disposal	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015
Free Hold Land	2,644.49	-	-	2,644.49	-	-	-	-	2,644.49	2,644.49
Buildings	11,068.06	61.28	-	11,129.34	1,252.33	372.45	-	1,624.78	9,504.56	9,815.73
Plant & Machinery	18,290.78	1,548.46	60.30	19,778.94	6,114.25	2,019.25	32.60	8,100.90	11,678.04	12,176.53
Office Equipments	342.60	6.00	20.86	327.74	173.14	51.05	19.41	204.78	122.96	169.46
Furniture & Fixtures	396.51	7.36	41.94	361.93	154.70	35.69	15.58	174.81	187.12	241.81
Computers	590.86	23.07	61.19	552.74	456.70	62.73	55.36	464.07	88.67	134.16
Communication Equipments	39.04	0.12	22.25	16.91	21.19	2.49	8.67	15.01	1.90	
Motor Vehicles	451.39	-	53.19	398.20	214.23	54.63	23.10	245.76	152.44	237.16
Total	33,823.73	1,646.29	259.73	35,210.29	8,386.54	2,598.29	154.72	10,830.11	24,380.18	25,437.19

PROPERTY, PLANT AND EQUIPMENT - RESEARCH & DEVELOPMENT

Particulars	Gross Block				Depreciation				Written Down Value	
	As at 01.04.2015	Additions	Disposal	As at 31.03.2016	As at 01.04.2015	For the year	Disposal	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015
Plant & Machinery	1,600.92	-	-	1,600.92	368.95	159.25	-	528.20	1,072.72	1,231.97
Total	1,600.92	-	-	1,600.92	368.95	159.25	-	528.20	1,072.72	1,231.97
Total	35,424.65	1,646.29	259.73	36,811.21	8,755.49	2,757.54	154.72	11,358.31	25,452.90	26,669.16

Note:

1. Exclusive first charge on fixed assets (including land, building and Plant and Machinery) of Unit-I of the company situated at plot nos.27,28,29 & 30A area, 25304 sq. mts Phase-I KIADB Dabaspet Industrial Area, Yedehalli Village, Bengaluru Rural District, Bengaluru.
2. Exclusive first charge on part of fixed assets (including land, building and Plant and Machinery) of Unit-II of the company situated at Sy.No.59/2, area 4 acres 33 gunta (19526 Sq. mts including 7 gunta kharaba land) Yedehalli Village Dabaspet, Bangalore.
3. Exclusive first charge on part of fixed assets (including land, building and Plant and Machinery) situated at Unit-II situated Sy.No. 59/2, Yedehalli Village, Dabaspet Bangalore Rural District, Bangalore (i.e., 8 acres of land out of 23.33 acres along with the factory building constructed there on) of the company.

3. CAPITAL WORK-IN-PROGRESS

Land

Total

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Land	0.63	3.03	0.63
Total	0.63	3.03	0.63

4. INTANGIBLE ASSETS - (OTHER THAN GOODWILL)

Technical Know-how

Gross Block (At Deemed Cost)

Addition during the year

Accumulated amortisation at the beginning of the year

Amortisation for the year

NET CARRYING AMOUNT

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Gross Block (At Deemed Cost)	615.78	615.78	615.78
Addition during the year	254.27	-	-
	870.05	615.78	615.78
Accumulated amortisation at the beginning of the year	369.47	246.31	123.16
Amortisation for the year	154.74	123.16	123.16
NET CARRYING AMOUNT	345.84	246.31	369.46

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
5. INTANGIBLE ASSET UNDER DEVELOPMENT			
Technical Know-how	62.00	65.63	65.63
Total	62.00	65.63	65.63

**6. FINANCIAL ASSETS
INVESTMENTS**

Details of Investments	Number of Shares			Amount in Lakhs		
	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Non Current Investments						
Investment carried at fair value through Profit and Loss (FVTPL)						
Investments in Equity Instruments - fully paid up (Unquoted)						
M/s The Shamrao Vithal Co-operative Bank limited (Value per unit is Rs.50)	2,000	2,000	2,000	0.50	0.50	0.50
Total	2,000	2,000	2,000	0.50	0.50	0.50
Additional Information:						
Aggregate value of unquoted investments				-	-	-
Market Value of quoted investments				-	-	-
Aggregate carrying value of unquoted shares				0.50	0.50	0.50
7. OTHER FINANCIAL ASSETS (Unsecured , Considered good)						
Other receivables				179.95	175.27	175.27
Bank deposits with more than 12 months maturity				7,320.00	10,624.08	8,372.18
Balance with government authorities - VAT Refund receivable				194.03	975.97	778.56
Total				7,693.98	11,775.32	9,326.01
8. OTHER NON CURRENT ASSETS						
Capital advances*				1,359.67	1,324.30	1,351.38
Advance payment of tax (net)				176.35	-	-
Gratuity- Excess of fair value of plan assets over defined benefit obligation				181.49	129.67	122.72
				1,717.51	1,453.97	1,474.10

* The company has entered in to an agreement/MOU for purchase of land during 2009 & 2010 and accordingly, amount aggregating to Rs.3,372.75 lakhs was paid from time to time in pursuance of this agreement. Pending execution of sale deed and completion of certain works related to the land the said amount is carried under capital advance. The management of the company is of the view that considering the nature of the transaction, the registration of the sale of the land would be completed in due course and on completion the said amount would be capitalised. The total advances of Rs.1,301.31 lakhs represents Rs.601.31 lakhs towards approx. 10 acres of land and Rs.700 lakhs towards development cost of the land. The management of the company does not expect any significant further cash outflow towards the acquisition except for the cost of registration and related expenses.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
9. INVENTORIES			
Raw materials	4,023.74	3,562.02	3,205.33
Work in progress	3,703.95	2,606.41	3,129.96
Finished goods	52.19	295.46	-
Stock in trade	269.51	1,463.19	2,177.46
Goods in transit:			
Raw materials	116.23	71.15	299.90
Total	8,165.62	7,998.23	8,812.65
(Refer accounting policy No. 1.12 for valuation of inventories)			
10. TRADE RECEIVABLES (Unsecured)			
Trade receivables	19,021.90	20,118.37	18,564.50
Less: Expected credit loss allowance (considered doubtful) Refer Note No. 39(c)	511.22	4,064.10	4,173.46
Trade receivables considered good	18,510.68	16,054.27	14,391.04
Additional information			
Breakup of above:- Includes trade receivable against which bank			
Secured, considered good covered under LC	1,892.92	172.44	630.81
Unsecured, considered good	16,617.76	15,881.83	13,760.23
Total	18,510.68	16,054.27	14,391.04
11. CASH AND CASH EQUIVALENTS			
Balances with banks			
In current accounts	3,302.44	3,501.00	5,217.22
In EEFC Account	1,903.53	1,031.67	262.79
Cash on hand	0.57	3.87	2.52
Other balances (In unpaid dividend accounts)	0.85	1.29	0.86
Total	5,207.39	4,537.83	5,483.39
12. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS			
Bank deposits with less than 12 months maturity	2,729.00	5,585.00	8,009.86
Margin Money Deposit with Bank	1,581.69	715.00	716.00
Total	4,310.69	6,300.00	8,725.86

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
13. OTHER FINANCIAL ASSETS			
(Unsecured , Considered good)			
Security Deposit for rented premises	45.10	38.67	47.52
Balance with government authorities - GST/ED Refund receivable	1,602.71	1,116.79	399.86
Interest accrued on term deposits	312.09	226.86	173.01
Unbilled Revenue	2.18	22.65	20.65
Employee Advance	25.33	25.93	32.43
Total	1,987.42	1,430.90	673.47
14. OTHER CURRENT ASSETS			
Prepaid Expenses	176.39	94.40	90.97
Advance paid to supplier (advance other than capital advances)	1,065.54	1,081.54	1,806.15
Balance with government authorities - Input credit	577.88	679.95	1,213.81
Security Deposit	2.85	4.31	2.98
Expenditure Tax	28.09	58.67	8.19
Earnest money deposit	4.85	-	-
Duty on finished goods	-	45.56	-
Employee Travel advance	6.91	-	2.44
Total	1,862.46	1,964.43	3,124.54
15. SHARE CAPITAL			
Authorized			
Equity shares of Rs.10/- each			
Number of Equity Shares	3,50,00,000	3,50,00,000	3,50,00,000
Amount of Equity Share Capital (in lakhs)	3,500.00	3,500.00	3,500.00
Issued, subscribed and fully paid up			
Equity shares of Rs.10/- each			
Number of Equity Shares	3,32,37,588	3,32,37,588	3,32,37,588
Amount of Equity Share Capital (in lakhs)	3,323.76	3,323.76	3,323.76
Reconciliation of the Equity shares outstanding at the beginning and at the end of the reporting period			
Number of Equity Shares			
Shares outstanding at the beginning of the year	3,32,37,588	3,32,37,588	3,32,37,588
Shares issued during the year	-	-	-
Shares outstanding at the end of the year	3,32,37,588	3,32,37,588	3,32,37,588
Amount of Equity Share Capital:			
Share capital outstanding at the beginning of the year	3,323.76	3,323.76	3,323.76
Share capital issued during the year	-	-	-
Share capital outstanding at the end of the year	3,323.76	3,323.76	3,323.76

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

SHARE CAPITAL (CONTD.)**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.
- II 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 liabilities. The distribution will be in proportion to the number of Equity Shares held by the shareholders.
- III **For the period of five years immediately preceding the date as at which the Consolidated Balance Sheet is prepared, there were:**
- No shares allotted pursuant to a contract without consideration being received in cash.
 - No shares allotted as fully paid up by way of bonus shares
 - No shares were bought back
- IV There were no shares reserved for issue under options and contracts/commitments for the sale of shares/disinvestment.
- V There were no calls unpaid or forfeited shares.

Amount in ₹ Lakhs

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

	As at 31.03.2018		As at 31.03.2017	
	%	No of shares	%	No of shares
Saphire Finman Services LLP (Saphire Finman Services Private Limited)	15.12%	50,26,433	15.12%	50,26,433
Nikhil Kumar	13.96%	46,38,664	13.96%	46,38,664
Mohib N Khericha	11.23%	37,30,960	11.23%	37,30,960
Hitoshi Matsuo	9.73%	32,35,254	9.73%	32,35,254
Reliance Capital Trustee Company Limited	8.88%	29,50,000	-	-
Sundaram Mutual Fund	5.80%	19,27,718	-	-

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

	As at 01.04.2016	
	%	No of shares
Saphire Finman Services LLP (Saphire Finman Services Private Limited)	15.12%	50,26,433
Nikhil Kumar	13.96%	46,38,664
Hitoshi Matsuo	9.73%	32,35,254
Mohib N Khericha	5.56%	18,46,860

Note: The above disclosed information is as per the records/registers including Members register maintained by the Company as at the year end.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
16 OTHER EQUITY			
Capital Reserve			
As at the beginning of the year (Refer Note No. 1.1 (c))	718.29	718.29	718.29
As at the end of the year	718.29	718.29	718.29
Securities Premium Account			
As at the beginning of the year	20,507.63	20,507.63	20,507.63
As at the end of the year	20,507.63	20,507.63	20,507.63
General Reserve			
As at the beginning of the year	3,369.91	3,369.91	3,247.15
Add: Transferred from Retained earnings	-	-	122.77
As at the end of the year	3,369.91	3,369.91	3,369.92
Retained earnings			
As at the beginning of the year	19,133.71	20,792.48	21,817.81
Add: Transferred from statement of profit and loss	(1,412.47)	(439.33)	(902.56)
Less: Reclassification of FCTR of foreign subsidiary	(20.00)	(0.68)	-
Less: Transferred to General Reserve	-	-	122.77
Less: Dividend including Dividend Distribution tax (Rs.1.80 per share (Previous year: Rs.3.05 per share))	720.07	1,220.12	-
As at the end of the year	17,021.17	19,133.71	20,792.48
Total	41,617.00	43,729.54	45,388.32
Nature of reserve			
a. Security premium account is used to record the premium on issue of shares. This is utilised in accordance with the provisions of the Companies Act, 2013.			
b. The General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by the transfer from one component of equity to another and is not an items of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.			
c. The Remeasurements gains in respect of employee benefits included under retained earnings are as under:			
As at the beginning of the year	(26.20)	(1.97)	-
Remeasurements gain/(loss) on defined benefit plans	15.70	(35.96)	(1.97)
Income tax effect on above	(5.48)	11.72	-
As at the ended of the year	(15.99)	(26.20)	(1.97)
17. FINANCIAL LIABILITIES			
PROVISIONS			
Income tax provision net of advance tax	-	86.84	77.59
Provisions for employee benefits (Refer Note No. 41)	352.39	379.09	375.24
	352.39	465.93	452.83

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
18. DEFERRED TAX LIABILITY			
Deferred tax liability			
On account of depreciation on property, plant and equipment	1,678.27	1,871.44	1,866.34
Deferred tax asset			
On account of timing differences in recognition of expenditure	335.31	347.91	333.54
Net Deferred tax liability/(asset)	1,342.96	1,523.53	1,532.80
MAT Credit Entitlement	(400.00)	(400.00)	(400.00)
Deferred tax liability net of MAT credit	942.96	1,123.53	1,132.80

Movement of Deferred tax liability/(asset)

	Opening Balance	Recognition in Profit and Loss Statement	Recognition in Other Comprehensive Income	Closing Balance
As on 31st March 2018				
Deferred tax liability				
On account of depreciation on property, plant and equipment	1,871.44	(193.16)	-	1,678.28
Deferred tax asset				
On account of timing differences in recognition of expenditure	347.91	(7.10)	(5.48)	335.33
Total Deferred tax liability	1,523.53	(186.06)	5.48	1,342.96
As on 31st March 2017				
Deferred tax liability				
On account of depreciation on property, plant and equipment	1,866.34	5.10	-	1,871.44
Deferred tax asset				
On account of timing differences in recognition of expenditure	333.54	14.37	-	347.91
Total Deferred tax liability	1,532.80	(9.27)	-	1,523.53

The Company has not recognized deferred tax asset in respect of minimum alternative tax credit amounting to Rs. 400 lakhs as at the year end (2017: Rs.400 lakhs, 2016 Rs.400 lakhs) in view of the uncertainties involved and also as a prudent measure.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
19. FINANCIAL LIABILITIES			
SHORT TERM BORROWINGS			
Secured Loans:			
Loans repayable on demand			
- rupee loan from banks	1,282.49	4,534.28	2,764.15
- foreign currency loan from banks	5,577.77	-	-
Total	6,860.26	4,534.28	2,764.15
Additional Information			
Details of security for secured loans			
Loans from Bank of Baroda is secured by first pari-passu charge with Kotak Mahindra Bank on all the current assets of the Company (present and future) excluding the assets created out of project specific BG limit of Rs. 75.27 crores issued by Bank of Baroda. The loans are further collaterally secured as under:	5,234.25	4,534.28	2,764.15
1. Exclusive first charge on fixed assets (including land, building and Plant and Machinery) of Unit-I of the company situated at plot nos. 27,28,29 & 30A area, 25304 sq. mts Phase-I KIADB Dabaspeta Industrial Area, Yedehalli Village, Bengaluru Rural District, Bengaluru.			
2. Exclusive first charge on part of fixed assets (including land, building and Plant and Machinery) of Unit-II of the company situated at Sy.No.59/2, area 4 acres 33 gunta (19526 Sq. mts including 7 gunta kharaba land) Yedehalli Village Dabaspeta, Bangalore.			
3. Exclusive first charge on part of fixed assets (including land, building and Plant and Machinery) situated at Unit-II situated Sy.No. 59/2 Yedehalli Village, Dabaspeta Bangalore Rural District, Bangalore (i.e., 8 acres of land out of 23.33 acres along with the factory building constructed there on) of the company.			
All the above are common securities for all fund based and non-fund based facilities obtained by the Company from Bank of Baroda.			
Loan from Kotak Mahindra Bank is secured by first pari-passu charge with Bank of Baroda on all existing and future receivable/current assets of the Company excluding the assets created out of project specific BG limit of Rs. 75.27 crores issued Bank of Baroda.	1,626.02	-	-
Loans repayable on demand	6,860	4,534	2,764
Interest at 10.20% p.a. is applicable on rupee loans which will be reviewed annually			

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
20. TRADE PAYABLES			
Total outstanding dues of micro and small enterprises *	52.43	88.76	95.73
Total outstanding dues of creditors other than micro and small enterprises	11,853.42	12,926.08	14,366.79
Total	11,905.85	13,014.84	14,462.52
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	52.43	88.76	95.73
2. Interest due on (1) above and the unpaid interest	1.50	8.11	-
3. Interest paid on all delayed payments under the MSMED Act	-	-	-
4. Payment made beyond the appointed day during the year	17.05	1.98	3.12
5. Interest due and payable for the period of delay other than (3) above	-	0.01	0.03
6. Interest accrued and remaining unpaid	1.57	8.13	0.03
7. Amount of further interest remaining due and payable in succeeding years	265.97	264.42	221.97
* The amount outstanding to Micro, Small and Medium Enterprises is based on the information received and available with the company.			
21. OTHER FINANCIAL LIABILITIES			
Unclaimed Dividends *	0.85	1.29	0.86
Outstanding Liabilities in respect of accrued expenses	2,780.83	2,939.96	5,535.32
Duties and taxes payable	169.17	179.74	135.05
Earnest Money Deposit	2.15	2.15	2.15
Mark to market loss on forward contracts	66.07	-	-
Employee benefit payable	430.10	303.06	344.54
Total	3,449.17	3,426.20	6,017.92
* Does not include any amount outstanding as at 31st March 2018 which are required to be credited to Investor Education and Protection Fund			
22. OTHER CURRENT LIABILITIES			
Advance received from customers	1,717.19	4,752.59	4,032.88
Total	1,717.19	4,752.59	4,032.88

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
23. PROVISIONS			
Provision for warranties (Refer Note No. 44)	219.64	186.12	231.89
Provisions for employee benefits (Refer Note No. 41)	112.11	89.69	79.06
Total	331.75	275.81	310.95
24. CURRENT TAX LIABILITIES			
Provision for taxation (net of advance tax)	345.75	272.50	14.05
Total	345.75	272.50	14.05
25. CONTINGENT LIABILITIES AND COMMITMENTS			
(to the extent not provided for)			
Contingent Liabilities			
Guarantees	11,486.38	6,653.93	7,326.62
Income Tax Demand by disputed by the company	15.80	-	-
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 above is considered necessary.			
Commitments:			
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	108.67	147.92	96.39
Corporate Guarantee issued to the bankers of the subsidiary company (DFPS)	-	4,300.00	4,300.00
26. REVENUE FROM OPERATIONS		Year ended 31.03.2018	Year ended 31.03.2017
Sale of Goods			
- AC Generators		39,035.83	32,946.03
- AC Generator Spares		2,820.12	3,595.72
- Project Business -Domestic		806.28	443.99
- Project Business -Overseas Branch		5,152.60	5,267.29
- Business Overseas - Europe WOS		-	814.13
- Business Inland - EPC		-	172.46
Total		47,814.83	43,239.62
Sale of services		568.76	1,038.16
Sale of Scrap		544.65	398.12
Total		48,928.24	44,675.90
Less:			
Intersegmental sales		1,714.95	1,682.09
Inter company sales		3,436.37	1,964.23
Total		43,776.92	41,029.58

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

	Year ended 31.03.2018	Year ended 31.03.2017
27. OTHER INCOME		
Interest income on Bank Deposits	988.15	1,294.71
Interest Income others	70.15	563.66
Dividend from investment measured at FVTPL	0.06	0.06
Profit on sale of fixed assets (Net)	0.04	-
Interest income on financial asset	0.06	0.14
Provision no longer required	80.30	-
Foreign Fluctuation Gain	415.04	-
Miscellaneous Income	34.21	163.34
Total	1,588.01	2,021.91
28. COST OF MATERIAL CONSUMED		
Consumption of raw materials	28,434.08	21,681.93
Consumption of stores and spare parts	280.42	326.14
Total	28,714.50	22,008.07
Consumption of major raw materials consists		
Copper (wires, strips, rods, sheet etc.)	3,718.52	3,603.35
Steel/ Laminations	4,047.52	2,938.02
Shaft Forgings	1,144.65	1,147.12
Others	19,523.39	13,993.44
Total	28,434.08	21,681.93
29. PURCHASES FOR PROJECTS BUSINESS	3,158.31	3,527.38
30. CHANGE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS		
Stocks at the end of the year		
Work in progress - A C Generators	3,703.95	2,606.41
Finished goods -A C Generators	52.19	295.46
	3,756.14	2,901.87
Less: Stocks at the beginning of the year		
Work in progress - A C Generators	2,606.41	3,129.96
Finished goods -A C Generators	295.46	-
	2,901.87	3,129.96
Net (Increase) / Decrease in Stock	(854.27)	228.09
31. EXCISE DUTY ON SALE OF GOODS	288.98	3,036.68

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

	Amount in ₹ Lakhs	
	Year ended 31.03.2018	Year ended 31.03.2017
32. EMPLOYEE BENEFIT EXPENSES		
Salaries and wages	4,990.69	4,788.64
Contribution to provident and other funds	385.79	273.49
Remuneration to directors including contribution to provident fund and Other Funds	392.51	81.05
Staff welfare expenses	1,165.03	1,204.80
Gratuity excess withdrawn	-	(6.95)
Total	6,934.02	6,341.03
33. FINANCE COST		
Interest expense	560.73	414.29
Foreign exchange difference recorded as an adjustment to borrowing cost	104.83	-
Total	665.56	414.29
34. DEPRECIATION AND AMORTISATION		
Depreciation on property, plant and equipments	2,556.55	2,662.40
Amortization of intangible assets	154.74	123.15
Total	2,711.29	2,785.55
35. OTHER EXPENSES		
Power and fuel	634.74	496.47
Rent	67.53	67.17
Repairs and maintenance		
- Buildings	23.26	15.01
- Machinery	185.10	157.57
- Others	83.41	95.63
Insurance	83.82	84.81
Manufacturing expenses	117.73	117.93
Rates and taxes	92.88	58.99
Payment to the auditors		
- as auditor	18.18	19.53
- for taxation matters	0.50	8.10
- for other services	0.75	8.66
- out of pocket expenses	0.07	-
Legal and professional charges	407.10	405.41
Royalty	30.31	5.82
Travelling Expenses	1,304.18	1,336.65
Bank Charges	210.72	231.03
Exchange Fluctuation	-	618.49
Software Expenses including ERP	201.06	221.70
Corporate Social Responsibility	61.50	48.38
Director Sitting fees	12.56	14.14
Maintenance of Vehicles	62.45	71.66
Postage, Telegrams and Telephones	82.06	97.79
Printing & Stationery	59.10	61.28

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

	Year ended 31.03.2018	Year ended 31.03.2017
OTHER EXPENSES (Contd.)		
Selling Expenses	891.08	720.80
Donations	15.84	11.92
Loss on sale of fixed asset	0.39	25.14
Advertisement	20.73	50.66
Subscription to Technical Associations, Journals and Magazines	10.96	16.41
Miscellaneous Expenses	20.92	1.28
Total	4,698.93	5,068.43
36. EARNINGS PER SHARE		
Profit for the year after tax expense	(1,442.44)	(442.64)
Weighted average number of equity shares	3,32,37,588	3,32,37,588
Earning per share (in Rs.)	(4.34)	(1.33)
Face Value of Share	10.00	10.00

37. First-time adoption of Ind AS - 101**i) Transition to Ind AS**

The consolidated financial statements of the Company has been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101-First Time adoption of Indian Accounting Standard, with April 1, 2016 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes there to and accounting policies and principles. The accounting policies set out in note 1 have been applied in preparing the standalone financial statements for the year ended 31st March 2018 and the comparative information. An explanation of the transition from previous GAAP to Ind AS on the Company's financial statements, is set out below. Exemptions on first time adoption of Ind AS availed in accordance with Ind AS 101 have also been set out in / note 38 (ii) below.

ii) Exemptions and exceptions availed

Ind-AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The company has accordingly applied the following exemptions.

(a) Ind AS optional exemption**1 Deemed cost**

Ind AS 101 permits a first time adopter to elect to continue with carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as a deemed cost as at the date of transition. This exemption can also be used for Intangible assets covered by Ind AS 38 and investment property covered by Ind AS 40.

Accordingly, the Company has elected to measure all of its property, plants and equipments, intangible assets at their previous GAAP carrying value.

2 Investments in equity of subsidiaries

The company has elected to continue with the carrying value of its investments in equity instruments recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its cost as of the transition date after making adjustment for provision for impairment as estimated by the management.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

iii) Reconciliations

The following reconciliations provides the effect of transition to Ind AS from IGAAP in accordance with Ind AS 101-

(a) Reconciliation of profit from previous GAAP to Ind AS

	Year ended 31.03.2017
Net Profit/(Loss) after tax as per Indian GAAP	(448.43)
Adjustments as required by Ind AS	
Reclassification of expenses to other comprehensive income - net of tax	(20.06)
Recognition of interest income on deferred employee advance	0.14
Recognition of asset on reclassification of gratuity expenses	6.96
Reclassification of exchange difference on translation of foreign operations	23.37
Other comprehensive income - net of tax	(3.31)
Increase in revenue recognition as result of IND AS on service contract	2.00
Profit as per Ind AS statement of profit and loss	(439.33)
Increase/(decrease) in profit	9.10

(b) Reconciliation of Equity from previous GAAP to Ind AS

	As at 31.03.2017	As at 01.04.2016
Reserves and surplus as per indian GAAP	43,555.94	44,003.69
IND AS Adjustments as on transition date		
Provision for proposed dividend and dividend distribution tax	1,241.47	1,241.47
Excess funding in gratuity recognised in books	122.72	122.72
Increase in unbilled revenue as a result of IND AS on service contract	20.65	20.65
Employee advance recognised at fair value	(0.22)	(0.22)
Effect of IND AS Adjustments for 2016-2017		
Dividend paid during the year	(1,220.12)	-
Increase in revenue recognition as result of IND AS on service contract	2.00	-
Recognition of interest income on deferred employee advance	0.14	-
Excess funding in gratuity during the year recognised as asset	6.96	-
Other equity as per Ind AS	43,729.54	45,388.32

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NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

iv) Reconciliation of Ind AS Compliant Balance Sheet as on Transition Date (01.04.2016)

	Reasons for changes (Refer note below)	As per previously reported IGAAP	As per IND AS	
			Transition Adjustments	As at 01.04.2016
ASSETS				
Non-current assets				
Property, Plant and Equipment		25,452.90	-	25,452.90
Capital work in progress		0.63	-	0.63
Other Intangible assets		369.46	-	369.46
Intangible assets under development		65.63	-	65.63
Financial assets				
Investments		0.50	-	0.50
Other non-current financial assets		9,326.01	-	9,326.01
Other non-current assets	iv(a)	1,351.38	122.72	1,474.10
Current assets				
Inventories		8,812.65	-	8,812.65
Financial assets				
Trade receivables		14,391.04	-	14,391.04
Cash and cash equivalents		14,209.25	-	14,209.25
Other current financial assets	(iv(b)) and (iv(c))	653.03	20.44	673.47
Other current assets		3,124.54	-	3,124.54
		77,757.02	143.16	77,900.18
EQUITY AND LIABILITIES				
Equity:				
Equity Share Capital		3,323.76	-	3,323.76
Other Equity	37(iii(b))	44,003.69	1,384.63	45,388.32
Non-current liabilities				
Financial Liabilities				
Long term Provisions		452.83	-	452.83
Deferred tax liabilities (net)		1,132.80	-	1,132.80
Current liabilities				
Financial Liabilities				
Short-term Borrowings		2,764.15	-	2,764.15
Trade payables		14,462.52	-	14,462.52
Other current financial liabilities		6,017.92	-	6,017.92
Other Current liabilities	(iv(d))	4,054.23	(21.35)	4,032.88
Short-term provisions	(iv(d))	1,531.07	(1,220.12)	310.95
Current tax liabilities		14.05	-	14.05
		77,757.02	143.16	77,900.18

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

v) Reconciliation of Ind AS Compliant Balance Sheet as on 31st March 2017

	Reasons for changes (Refer note below)	As per previously reported IGAAP	As per IND AS	
			Transition Adjustments	As at 31.03.2017
ASSETS				
Non-current assets				
Property, Plant and Equipment		23,088.56	-	23,088.56
Capital work in progress		3.03	-	3.03
Other Intangible assets		246.31	-	246.31
Intangible assets under development		65.63	-	65.63
Financial assets				
Investments		0.50	-	0.50
Other non-current financial assets		11,775.32	-	11,775.32
Other non-current assets	iv(a)	1,324.30	129.68	1,453.97
Current assets				
Inventories		7,998.23	-	7,998.23
Financial assets				
Trade receivables		16,054.27	-	16,054.27
Cash and cash equivalents		10,837.83	-	10,837.83
Other current financial assets	(iv(b)) and (iv(c))	1,408.32	22.58	1,430.90
Other current assets		1,964.43	-	1,964.43
		74,766.71	152.26	74,918.98
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital		3,323.76	-	3,323.76
Other Equity	37(iii(b))	43,555.94	173.61	43,729.54
Non-current liabilities				
Financial Liabilities				
Long term Provisions		465.93	-	465.93
Deferred tax liabilities (net)		1,123.53	-	1,123.53
Current liabilities				
Financial Liabilities				
Short-term Borrowings		4,534.28	-	4,534.28
Trade payables		13,014.84	-	13,014.84
Other current financial liabilities		3,426.20	-	3,426.20
Other Current liabilities	(iv(d))	4,773.94	(21.35)	4,752.59
Short-term provisions		275.81	-	275.81
Current tax liabilities		272.48	-	272.48
		74,766.71	152.26	74,918.98

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

vi) Reconciliation of Statement of Profit and Loss for the year ended 31st March 2017

	Reasons for changes (Refer note below)	As per previously reported IGAAP	As per IND AS	
			Transition Adjustments	As at 31.03.2017
Revenue from Operations	(iv(b))	41,027.59	1.99	41,029.58
Other Income	(iv(c))	2,021.76	0.14	2,021.91
TOTAL REVENUE		43,049.35	2.13	43,051.49
Expenses				
Cost of materials consumed		22,008.07	-	22,008.07
Purchases for Project Business		3,527.38	-	3,527.38
Changes in inventories of finished goods, work in progress and stock in trade		228.09	-	228.09
Excise Duty on sale of goods		3,036.68	-	3,036.68
Employee benefits expense	(iv(a) & (e))	6,379.77	(38.74)	6,341.03
Finance costs		414.29	-	414.29
Depreciation and amortization expense		2,785.55	-	2,785.55
Other expenses		5,068.43	-	5,068.43
TOTAL EXPENSES		43,448.27	(38.74)	43,409.52
Profit/(loss)before tax		(398.91)	40.88	(358.04)
Tax expense:				
(1) Current tax	(iv(e))	82.16	11.72	93.89
(2) Deferred tax		(9.27)	-	(9.27)
Profit/(loss) for the year		(471.81)	29.15	(442.65)
Other comprehensive income				
Exchange difference on translation of foreign operations	(iv(f))	23.37	-	23.37
Items that will not be reclassified to profit or loss	(iv(e))	-	(31.79)	(31.79)
Income tax relating to these items	(iv(e))	-	11.74	11.74
Total comprehensive income for the period		(448.43)	9.11	(439.33)

Notes to Reconciliation statement:

- Payment of gratuity as per payment of gratuity Act is administered by Life Insurance Corporation of India (LIC) and Company is funding as recommended by LIC. The Company has recognised excess of fair value of plan assets over defined benefit obligations relating gratuity as asset amounting to Rs.122.72 lakhs as at 1st April 2016 and Rs.129.68 lakhs as at 31st March 2017 respectively as per the requirement of Ind AS. During the year 2016-2017 the Company has recognised excess funding towards gratuity amounting to Rs.6.96 lakhs as an asset Rs.129.68 lakhs was considered as a transition adjustment and Rs. 6.96 lakhs was considered as Ind AS Adjustment for the statement of profit and loss for the year ended 31st March, 2017.
- Under previous GAAP, the Company followed completed contract method for revenue recognition in case of service contracts. As per requirement of IND AS, the Company has recognised revenue under percentage of completion method for service contracts. Consequently, Company has recognised revenue amounting to Rs.20.65 lakhs as on 1st April 2016 and Rs.22.65 lakhs as on 31st March 2017 respectively. As a result there is increase in the revenue for the year ended 31st March 2017 amounting to Rs.2.00 lakhs which is disclosed as Ind AS Adjustment in the statement of profit and loss for the year ended 31st March, 2017.
- Under previous GAAP Advance to employees were recognised on the historical value. Under IND AS, long term employee advances are to be recognised after considering the effective interest rate. Consequently, advance given to employees

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

which are more than 12 months are recognised after considering the impact of interest which amounts to Rs.0.21 lakhs as at 1st April 2016 and Rs.0.07 lakhs as at 31st March 2017. This has resulted in net impact on the other income of Rs.0.14 lakhs for the year ended 31st March 2017.

- d. The Company has reversed the provision for proposed dividend and dividend distribution tax made in earlier year amounting to Rs.1,241.47 lakhs to retained earnings as on 1st April 2016 since the dividends were actually declared after the balance sheet date which is in accordance with Ind As 10. Accordingly, the actual amount of dividend and dividend distribution tax paid or payable during the year ended 31st March, 2017 has been debited to the retained earnings.
- e. Under previous GAAP, actuarial gains and losses were recognised in the statement of profit and loss. Under Ind AS, the actuarial gains and losses from re-measurement of net defined benefit liability / asset is recognised in other comprehensive income in the respective years. Company has reclassified actuarial loss amounting to Rs.31.79 lakhs for the year ended 31st March 2017 as Other comprehensive Income from Employee benefit expenses as per IND AS requirement. Also the Company has accounted the income tax effect of Rs. 11.72 lakhs on the actuarial loss in other comprehensive income.
- f. Under previous GAAP, exchange gain/(loss) on translation of foreign subsidiary was recognised in the statement of profit and loss. Under Ind AS, such exchange gain/(loss) on translation of foreign operations is recognised in other comprehensive income in the respective year. Company has reclassified such exchange gain/(loss) amounting to Rs.23.37 lakhs for the year ending 31st March 2017 as Other comprehensive Income as per IND AS requirement.

viii. **Effect on IND AS Adoption on the Statement of Cash flow for the year ended 31st March 2017**

The transition from the previous GAAP to IND AS has no impact on the statement of cash flows except for regrouping among the cash flow from operating, financing and investing activities and classifying cash and bank balances into cash and cash equivalents and bank balances other than cash and cash equivalents.

	Amount in ₹ Lakhs		
	As per previously reported IGAAP	As per IND AS	
		Transition Adjustments	Amount as on 31.03.2017
Net cash flow from operations	(2,420.44)	442.02	(1,978.43)
Net cash flow from investments	1,160.20	(291.42)	868.78
Net cash flow from financing activities	135.72	-	135.72
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	5.00	-	5.00
Net increase/(decrease) in cash and cash equivalent	(1,119.54)	150.60	(968.93)
Cash and cash equivalents at the beginning of the year	22,581.44	(17,098.05)	5,483.39
Cash and cash equivalents at the end of the year	21,461.91	(16,924.08)	4,537.83

38.

a). **The reconciliation between current tax and amounts computed by applying the income tax rate**

	Year ended 31.03.2018	Year ended 31.03.2017
Total profit/(loss) before tax (A)	1,711.45	112.05
Income tax rate (B)	34.61%	34.61%
Tax expense - (C) = (A) X (B)	592.30	38.78
Add - Tax effect of the amounts as under		
a) Expenses - Not deductible for tax purpose	281.72	-
b) Adjustment of IND AS compliance	-	254.08
c) Tax incentive- deduction for research & development expenditure	(203.84)	(14.87)
d) Deduction allowable under Chapter VI A	(0.67)	(216.25)

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

	Year ended 31.03.2018	Year ended 31.03.2017
The reconciliation between current tax and amounts computed by applying the income tax rate (Contd.)		
e) Other adjustment and rounding off	5.48	2.26
Total (D)	82.70	25.22
Tax provision in foreign subsidiary	1.11	18.16
Net current tax expense (E) = (C)+(D)	676.11	82.16
Tax expenses related to item classified under other comprehensive Income	-	11.72
Net current tax expenses	676.11	93.89
38. The reconciliation between deferred tax and amounts computed by applying the Income Tax Rate		
b). Deferred tax liabilities at the beginning of the year	1,523.53	1,532.80
Income tax rate (B)	34.94%	35.54%
Tax effect of the amounts as under		
- Difference between book value and WDV of property, plant and equipment	-	(19.60)
- Difference between book value and WDV of technical knowhow	1,695.24	1,891.08
- Provision for gratuity and leave encashment disallowed	(16.97)	(2.28)
- Provision for doubtful debts disallowed	(162.16)	(164.01)
- Other comprehensive income	(178.64)	(181.66)
Deferred tax liabilities at the end of the year	1,337.47	1,523.53
Deferred tax expenses in the consolidated statement of profit and loss	(186.06)	(9.27)
Deferred tax expenses in the other comprehensive income	5.48	-

39. Financial Instruments - Accounting Classifications and Fair value measurements

- a). The Fair value of cash and cash equivalents, bank balances, loans, trade receivables, trade payables and others approximates their carrying amount. Trade receivables are evaluated after taking into consideration for Expected Credit Losses. Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

b). Financial Assets / Liabilities Classification:

	Carrying Amount		
	As on 31.03.2018	As on 31.03.2017	As on 01.04.2016
Financial Assets at cost			
Investment in other equity	0.50	0.50	0.50
Financial Assets at amortised cost			
Cash and cash equivalents	5,207.39	4,537.83	5,483.39
Bank balances other than cash and cash equivalents	4,310.69	6,300.00	8,725.86
Trade receivables	18,510.68	16,054.27	14,391.04
Other financial assets	11,398.91	14,660.19	11,473.58
Financial liabilities at amortised cost			
Short term borrowings	6,860.26	4,534.28	2,764.15
Trade payables	11,905.85	13,014.84	14,462.52
Other financial liabilities	3,449.17	3,426.20	6,017.92

**Financial Risk Management
Objectives and Policies**

The company's Financial Risk Management is an integral part of business strategies. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. In addition, Company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Company's principal financial liabilities comprise short term borrowings, trade and other payables. The main purpose of these financial liabilities is to support entity's operations. The entity's principal financial assets include cash and cash equivalents and trade and other receivables that derive directly from its operations.

All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the entity's policy that no trading in derivatives for speculative purposes to be undertaken. The Board of Directors review and agree policies for managing each of these risks, which are summarised below.

Credit Risk

Credit Risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables. The customer credit risk is managed as per Company's established policy, procedure and controls relating to customer credit risk management. It require different processes and policies to be followed based on the business risks, industry practice and customer profiles.

In order to contain the business risk, the creditworthiness of the customer is through scrutiny of its financials, status of financial closure of the project, if required, market reports and reference checks. The Company remains vigilant and regularly assesses the financial position of customers during execution of contracts with a view to restrict risks of delays and default. In view of its diversified business profile and considering the size of the Company, credit risks from receivables are well contained on an overall basis.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

The impairment analysis is performed on each reporting period on individual basis for major customers. In addition, a large number of receivables are grouped and assessed for impairment collectively. The calculation of impairment loss is based on historical data of losses, current conditions and forecasts and future economic conditions. The Company's maximum exposure to credit risk at the reporting date is the carrying amount of trade receivable.

Provision for expected credit losses

The life time expected credit loss ("ECL") is estimated on trade receivables other than amounts due from entities where there is no track record of short receipts. Delays in receiving payments from the customers pursuant to sale of goods or under contracts are not considered if such delays are commonly prevalent in the industry. Other short receipts other than arising from claims are duly considered in determining ECL.

Considering the above as well as business model of the Company, engineered-to-order products and the profile of trade receivables, the determination of a provision based only on age analysis may not be a realistic considering the economic and industry circumstances. Hence, the provision for expected credit loss is determined by the management for the specific trade receivables after considering the above facts and circumstances, particularly in view of the fact that there has been no bad debts in the recent past.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash. The Company's approach in managing the same is to ensure, as far as possible, sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

The company's principal sources of liquidity are cash and cash equivalents, balances with banks and the cash flow that is generated from operations. The cash and cash equivalent other bank balances aggregates to Rs.16,838.08 lakhs at the end of year (2017-Rs.21,461.91 lakhs, 2016-Rs.22,581.43 lakhs). The company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

The following are the contractual maturities of non-derivative financial liabilities, based on contractual cash follows:

	Amount in ₹ Lakhs		
	As on 31.03.2018	As on 31.03.2017	As on 01.04.2016
Trade Payables	11,905.85	13,014.84	14,462.52
Short-term Borrowings	6,860.26	4,534.28	2,764.15
Other Payables			
Statutory dues	169.17	179.74	135.05
Employee dues	430.10	303.06	344.54
Other dues	2,849.90	2,943.41	5,538.33

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company operates internationally and a major portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales and services and purchases from overseas suppliers in various foreign currencies.

Foreign currency risk exposure -: The company's exposure to foreign currency risk at the end of reporting period, are as follows:

- a) The foreign exchange forward contracts outstanding as on 31.03.2018 in respect of Euro is Rs. 1,453.29 lakhs (2017: Nil and 2016: Nil)

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

b) The total foreign currency exposures are as under:

	As on 31.03.2018 (Amount in Lakhs)			
	USD	Euro	JPY	Others
Assets/ Receivables				
In Foreign Currency	17.85	38.41	195.72	0.37
In Rupee Equivalent	1,149.67	3,061.43	119.45	24.34
Liabilities (including advances)				
In Foreign Currency	33.97	53.46	1,797.12	0.97
In Rupee Equivalent	2,195.59	4,346.81	1,112.60	50.12

	As on 31.03.2018 (Amount in Lakhs)			
	USD	Euro	JPY	Others
Assets/ Receivables				
In Foreign Currency	50.34	65.18	1.03	0.15
In Rupee Equivalent	3,241.84	4,464.38	0.59	9.28
Liabilities (including advances)				
In Foreign Currency	36.88	6.46	134.31	0.19
In Rupee Equivalent	2,399.15	451.04	78.35	12.61

c) Sensitivity analysis

A movement of the Indian Rupee, as indicated below, against the USD, Euro, JPY and others at 31st March 2018 would have increased (decreased) profit or loss by the amounts shown below. This analysis is in respect of foreign currency exposure as mentioned in (ii) above and based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis is performed on the same basis for previous year, even though the actual foreign exchange rate variances were different.

	Impact on Profit or loss (before tax)			
	As on 31st March 2018		As on 31st March 2017	
	Strengthening	Weakening	Strengthening	Weakening
5% Movement in				
USD	(12.35)	12.35	42.13	(42.13)
EURO	64.27	(64.27)	(170.06)	170.06
JPY	49.66	(49.66)	3.89	(3.89)
Others	1.29	(1.29)	(0.17)	0.17

Interest Rate Risk

The Company's investments are primarily in Fixed rate interest bearing deposits. Also the borrowings bear fixed rate of interest. Hence, the Company is not significantly exposed to interest rate risks.

d). Capital Management

While managing capital, the Company's objective is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefit for other stakeholders.

The Board of Directors monitors the earnings before interest, depreciation and tax (EBITDA), which the Company defines as result from operating activities before considering finance cost, depreciation & amortisation, exceptional items and tax expenses. The Board of Directors also monitors the level of dividends to equity shareholders.

The Company's EBITDA is 5.54% as at 31.03.2018 in comparison to 6.93% as at 31.03.2017.

The Company monitors capital, using a medium and long term view, on the basis of a number of financial ratios generally used by industry and by the rating agencies.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

40. SEGMENT REPORTING

The Company's operation comprises of manufacturing business and project business. Primary segment reporting comprises of manufacturing business and project business segments. Secondary segment 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. Property, plant and equipment, 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, Japan, USA, Europe, Turkey and Hongkong. Revenues in the secondary segment are based on the sales made by the branch office and subsidiaries. Inter-segmental purchases and sales are separately identified and reported. Property, plant and equipment, 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.

Business segment	Primary Segment				Amount in ₹ Lakhs Current Year
	Manufacturing	Project Business	EPC	Common	Total
1. Segment Revenues					
External Revenues	42,813.96	6,114.28	-	-	48,928.24
Intersegment revenues	(1,714.95)	-	-	-	(1,714.95)
Intercompany	(3,436.37)	-	-	-	(3,436.37)
Total Revenues	37,662.64	6,114.28	-	-	43,776.92
2. Segment Results					
Profit Before Taxation, Interest & Depreciation	1,397.14	(70.21)	(112.36)	(378.12)	836.45
Less: Interest	662.13	-	3.43	-	665.56
Less: Depreciation & Amortizations	2,703.75	2.58	2.04	2.92	2,711.29
Total	(1,968.74)	(72.79)	(117.83)	(381.04)	(2,540.40)
3. Unallocable & Other Income (including Extraordinary items)					
	889.93	13.59	-	684.49	1,588.01
Less: Tax	472.16	1.11	-	16.78	490.05
Profit after tax	(1,550.97)	(60.31)	(117.83)	286.67	(1,442.44)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Business segment	Primary Segment					Amount in ₹ Lakhs Previous Year
	Manufacturing	Project Business	EPC	Common	Total	
1. Segment Revenues						
External Revenues	37,657.85	6,845.59	172.46	-	44,675.90	
Intersegment revenues	(1,682.09)	-	-	-	(1,682.09)	
Intercompany	(1,863.70)	-	(100.54)	-	(1,964.23)	
Total Revenues	34,112.06	6,845.59	71.92	-	41,029.58	
2. Segment Results						
Profit Before Taxation, Interest & Depreciation	1,968.13	(529.47)	(220.14)	(398.60)	819.92	
Less: Interest	406.18	-	8.11	-	414.29	
Less: Depreciation & Amortizations	2,770.14	2.58	9.91	2.92	2,785.55	
Total	(1,208.21)	(532.05)	(238.16)	(401.52)	(2,379.92)	
3. Unallocable & Other Income (including Extraordinary items)						
Less: Tax	527.48	808.25	-	686.18	2,021.91	
	-	90.07	-	(5.45)	84.62	
Total Profit	(680.73)	186.13	(238.16)	290.11	(442.65)	
4. Segment Assets - Current Year	51,523.24	4,531.84	1.19	14,789.81	70,846.08	
Previous Year	48,192.84	6,353.24	1,430.33	18,942.56	74,918.98	
5. Segment Liabilities - Current Year	14,159.14	1,250.44	2,679.37	7,816.38	25,905.33	
Previous Year	15,891.04	1,163.65	4,745.93	6,065.04	27,865.66	
6. Capital Expenditure (Net of disposal) - Current Year	462.84	-	(49.95)	-	412.89	
Previous Year	244.56	24.19	(170.58)	-	98.18	

Geographical Segment

Sales to customer in India
 Sales to customer outside India
 Less: Inter-segmental sales
 Less: Inter-company sales
Total

Segment revenue by geographical Market	
Year ended 31.03.2018	Year ended 31.03.2017
40,094.93	36,569.96
8,833.31	8,105.94
(1,714.95)	(1,682.09)
(3,436.37)	(1,964.23)
43,776.92	41,029.58

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

	Carrying amounts of segment assets		Additions to property, plant and equipment & Intangible assets (Net)	
	As at 31.03.2018	As at 31.03.2017	As at 31.03.2018	As at 31.03.2017
Located in India	65,750.97	65,920.41	412.24	(42.13)
Located outside India	5,095.11	8,998.56	0.65	170.06
Total	70,846.08	74,918.98	412.89	(3.89)

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

Information about Major customers -

The revenue from operations from customers who exceed 10% of revenue from operations are given below:

	As on 31.03.2018	As on 31.03.2017
Customer A	17.70%	11.32%
Customer B	15.18%	18.52%
Customer C	10.54%	12.95%

41. Disclosure as per Ind AS 19 on 'Employee benefits**A. Gratuity**

The Company has a defined benefit gratuity plan. Every employee who has rendered continuous service of five years or more is entitled to gratuity at 15 days salary (15/26 X last drawn basic salary plus dearness allowance) for each completed year of service subject to a maximum of Rs.20 Lakhs. The gratuity liability arises on account of future payments, which are required to be made in the event of retirement, death in service or withdrawal. The liability has been assessed using projected unit credit actuarial method. The company made annual contributions to the Employee's Group Gratuity scheme of the Life Insurance Corporation of India.

I. Movement in net defined benefit asset on Gratuity plan

	Defined benefit obligation		Fair value of plan assets		Net defined benefit asset	
	31-Mar-2018	31-Mar-2017	31-Mar-2018	31-Mar-2017	31-Mar-2018	31-Mar-2017
Opening balance	640.55	515.95	770.22	638.66	129.68	122.72
Included in profit or loss						
Current service cost	64.10	57.09	-	-	(64.10)	(57.09)
Interest cost	45.77	40.49	-	-	(45.77)	(40.49)
Total amount recognised in profit or loss	109.87	97.58	-	-	(109.87)	(97.58)
Included in OCI						
Actuarial loss (gain)	(15.70)	33.87	-	-	15.70	(33.87)
Interest Income on planned asset	-	-	61.23	53.50	61.23	53.50
Return on plan assets greater / (lesser) than discount rate	-	-	-	-	-	-
Total amount recognised in other comprehensive income	(15.70)	33.87	61.23	53.50	76.93	19.62
Others *	80.74	30.41	-	30.41	(80.74)	-
Contributions paid by the employer	-	-	165.50	84.92	165.50	84.92
Benefits paid	25.65	37.26	25.65	37.26	-	-
Closing balance	789.82	640.55	971.31	770.22	181.49	129.68

*Others consists off: Acquisition adjustments in FY 2016-2017 and Past Service Cost on plan amendment in FY 2017-2018

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

II. Details of Plan assets

Government of India securities (central and state)
 High quality corporate bonds (including public sector bonds)
 Equity shares in listed companies
 Schemes of insurance - conventional products
 Schemes of insurance - ULIP products

Segment revenue by geographical Market	
31st March 2018	31st March 2017
-	-
-	-
-	-
100.00%	100.00%
-	-
100.00%	100.00%

III. Actuarial Assumptions

The following were the principal actuarial assumptions at the reporting date.

Financial assumptions

Discount rate
 Salary escalation rate

Demographic assumptions

Retirement age
 Mortality table

Withdrawal rate % (All ages)

31st March 2018	31st March 2017
7.60%	7.30%
7.00%	7.00%
58 Years	-
58 Years	58 Years
100% of Indian Assured Lives Mortality (2006-08)	
3.00%	3.00%

IV. Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the significant principal assumptions is

	31st March 2018		31st March 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (1% Movement)	(74.83)	89.64	(67.46)	81.64
Salary escalation rate (1% Movement)	85.06	(72.21)	70.76	(62.75)
Withdrawal rate (1% Movement)	5.10	(5.84)	3.82	(4.38)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. This analysis may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

V. Expected benefit payment of the gratuity plan in future years

For the year ending:

Less than 1 year
 Between 1-2 years
 Between 2-3 years
 Between 3-4 years
 Between 4-5 years
 Between 5-10 years

Gratuity (Funded)

31st March 2018	31st March 2017	1st April 2016
149.26	91.25	65.63
31.97	36.70	38.57
49.84	30.32	37.51
37.79	43.01	30.11
41.78	36.04	46.20
407.34	277.11	248.09

Expected contributions to gratuity plans for the year ending 31st March 2019 is NIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

VI. Risk Exposures

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such company is exposed to various risks such as increase in salary, investment risk, discount rate, mortality, disability and withdrawals.

B. Long term Leave Liability - Unfunded

The company provides for earned leave benefit to the employees which accrue at 15 days (maximum). The earned leave is encashable while in service and up to a maximum of 105 days on retirement. The leave liability has been treated as other long term benefits and has been assessed using projected unit credit actuarial method.

I. Movement in net defined benefit (asset)/liability

	Defined benefit obligation	
	31 March, 2018	31 March, 2017
Opening balance	449.42	403.70
Included in profit or loss		
Current service cost	103.14	92.19
Interest cost	32.81	30.02
Actuarial loss (gain)	(121.30)	(29.13)
Total amount recognised in profit or loss	14.65	93.08
Benefits paid	-	47.37
Closing balance	464.06	449.42

II. Actuarial Assumptions

The following were the principal actuarial assumptions at the reporting date.

Financial assumptions

Discount rate	7.60%	7.30%
Salary escalation rate	7.00%	7.00%

Demographic assumptions

Mortality table	100% of Indian Assured Lives Mortality (2006-08)	
Withdrawal rate % (All ages)	3.00%	3.00%
Retirement age	58 years	58 years

45. RELATED PARTY DISCLOSURE

Related Party	Relationship
Nikhil Kumar	Key management personnel and their Relatives.
Mohib Khericha	Key management personnel and their Relatives.
K G Prabhakar	Key management personnel and their Relatives.
N Srivatsa	Key management personnel and their Relatives.
Sagir Khericha	Key management personnel and their Relatives.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

DETAILS OF TRANSACTIONS

Nature of transactions	Key management personnel and their Relatives	
	Year ending 31.03.2018	Year ending 31.03.2017
Directors Remuneration		
Nikhil Kumar		
Short-term employee benefits	204.97	22.50
Other long term employee benefit	21.08	2.70
Dividend	83.50	83.50
K. G. Prabhakar		
Short-term employee benefits	55.29	51.98
Other long term employee benefit	4.03	3.87
Dividend	0.08	0.08
Remuneration to Key Managerial Personnel		
N Srivatsa		
Short-term employee benefits	46.76	43.78
Other long term employee benefit	3.14	3.02
Dividend	-	-
Directors Sitting fees		
Mohib Khericha	3.80	3.64
Remuneration to Relative of Director		
Sagir M Khericha	-	5.25

43. 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. 67.53 lakhs (Previous year Rs.67.17 lakhs).

44. During the year, the Company has made provisions towards Warranty claims the details of the same are as under:

	Warranty claims		Compensated leave / Sick Leave	
	As at 31.03.2018	As at 31.03.2017	As at 31.03.2018	As at 31.03.2017
Balance outstanding at the beginning of the reporting period	186.12	231.89	7.23	16.35
Provision for the reporting period	33.52	-	0.43	7.23
Utilized during the reporting period	-	-	7.23	16.35
Withdrawn and credited to statement of profit and loss	-	45.77	-	-
Balance outstanding at the end of the reporting period	219.64	186.12	0.43	7.23

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹ Lakhs

45. Subsequent Events

On 23rd May 2018 (2017: 18th May 2017, 2016:11th May 2016), the Board of Directors of the Company have proposed a dividend of Rs.1.80 (2017:Rs.1.80 2016:Rs.3.05) per share in respect of the year ended 31st March 2018 subject to approval of shareholders at the Annual General Meeting.

46. Corporate Social Responsibility

- a) Gross amount required to be spent by the company for the year end - Nil
b) Amount spent as at the end of year is:

Sl. No.	Towards	Spent	To be spent	Total
1.	Construction/acquisition of any asset	-	-	-
2.	On purposes other than (1) above	178.77	-	178.77

a. Gross amount required to be spent by the company during previous year Rs.146.59 lakhs

b. Amount spent during previous year on

Sl. No.	Towards	Spent	To be spent	Total
1.	Construction/acquisition of any asset	-	-	-
2.	On purposes other than (1) above	117.27	29.32	146.59

47.

- a. The Group does not have any pending litigations which would impact its financial position as on the reporting date except to the extent disclosed in Note 25.
- b. The Group has made provision, as required under the accounting standards, for material foreseeable losses, on long term contracts in respect of its wholly owned Indian subsidiary. The Company did not have any derivative contracts for which there were any material foreseeable losses. Adequate provision has been made for losses in respect of short term foreign exchange forward contract (Refer Note.25)
- c. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Group as on the reporting date.
- d. Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary / Associates / Joint Ventures.

Name of the entities in consolidated financial statement	Net Assets i.e., total assets minus total liabilities		Share in profit or Loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of Consolidated net assets %	Amount	As % of Consolidated profit or loss %	Amount	As % of Consolidated other comprehensive income	Amount	As % of Consolidated total comprehensive income	Amount
1	2	3	4	5	6	7	8	9
Parent								
TD Power Systems Limited - Current Year	100.93%	47,024.96	-84.53%	1,219.29	34.11%	10.22	-87.05%	1,229.51
TD Power Systems Limited - Previous Year	96.10%	45,217.37	-8.91%	39.45	-541.42%	(17.97)	-3.94%	17.32
Subsidiaries								
Indian								
DF Power Systems Private Limited - Current Year	-3.81%	(1,775.98)	159.67%	(2,303.16)	0.00%	-	163.06%	(2,303.16)
DF Power Systems Private Limited - Previous Year	1.12%	527.18	24.83%	(109.89)	-62.82%	(2.08)	24.54%	(107.80)

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Name of the entities in consolidated financial statement	Net Assets i.e., total assets minus total liabilities		Share in profit or Loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of Consolidated net assets %	Amount	As % of Consolidated profit or loss %	Amount	As % of Consolidated other comprehensive income	Amount	As % of Consolidated total comprehensive income	Amount
Foreign								
TD Power Systems USA Inc-Current Year	-1.51%	(703.54)	15.01%	(216.50)	-39.80%	(11.93)	16.17%	(228.42)
TD Power Systems USA Inc-Previous Year	-1.01%	(475.11)	21.52%	(95.28)	743.82%	24.69	16.07%	(70.59)
TD Power Systems Japan Limited-Current Year	0.59%	277.22	7.78%	(112.29)	66.76%	20.00	6.53%	(92.28)
TD Power Systems Japan Limited-Previous Year	0.79%	369.50	-0.88%	3.89	20.57%	0.68	-1.04%	4.57
TD Power Systems Europe GmbH-Current Year	0.24%	112.47	0.19%	(2.70)	40.72%	12.20	-0.67%	9.50
TD Power Systems Europe GmbH-Previous Year	-0.11%	(50.51)	63.44%	(280.83)	-60.15%	(2.00)	64.38%	(282.83)
TD Power Systems Jenerator Sanayi Anonim Sirketi-Current Year	0.01%	5.63	1.88%	(27.08)	-1.78%	(0.53)	1.96%	(27.62)
TD Power Systems Jenerator Sanayi Anonim Sirketi-Previous Year	-	-	-	-	-	-	-	-
Consolidation adjustments-Current Year	3.54%	1,651.59	0.00%	-	0.00%	-	0.00%	-
Consolidation adjustments-Previous Year	3.11%	1,464.87	0.00%	-	0.00%	-	0.00%	-
Total-Current Year	100.00%	46,592.36	100.00%	(1,442.44)	100.00%	29.97	100.00%	(1,412.47)
Total-Previous Year	100.00%	47,053.30	100.00%	(442.65)	100.00%	3.32	100.00%	(439.33)

48. The consolidated financial information of the Company for transition date i.e. opening standalone balance sheet date being April 1, 2016 and previous year ended March 31, 2017, included in these consolidated financial statements, are based on the previously issued consolidated financial statements which were prepared under previous GAAP and audited by a firm of Chartered Accountants other than Varma & Varma, Chartered Accountants as adjusted for the differences in the accounting principles adopted by the Company on transition to Ind As, which have been audited by Varma & Varma, Chartered Accountants.

As per our report of even date attached

For and on behalf of Board of Directors

Mohib N. Khericha
Chairman

Nikhil Kumar
Managing Director

K. G. Prabhakar
Director & Chief Financial Officer

N. Srivatsa
Company Secretary

For **Varma & Varma**
Chartered Accountants
Firm Registration No. 004532S

K P Srinivas
Partner
Membership No.208520

Place : Bangalore
Date : May 23, 2018

www.tdps.co.in

TD Power Systems Limited

REGISTERED OFFICE & FACTORY:
27, 28 and 29, KIADB Industrial Area
Dabaspet, Nelamangala Taluk
Bengaluru Rural District
Bengaluru – 562 111 India