

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](http://www.tdps.co.in)

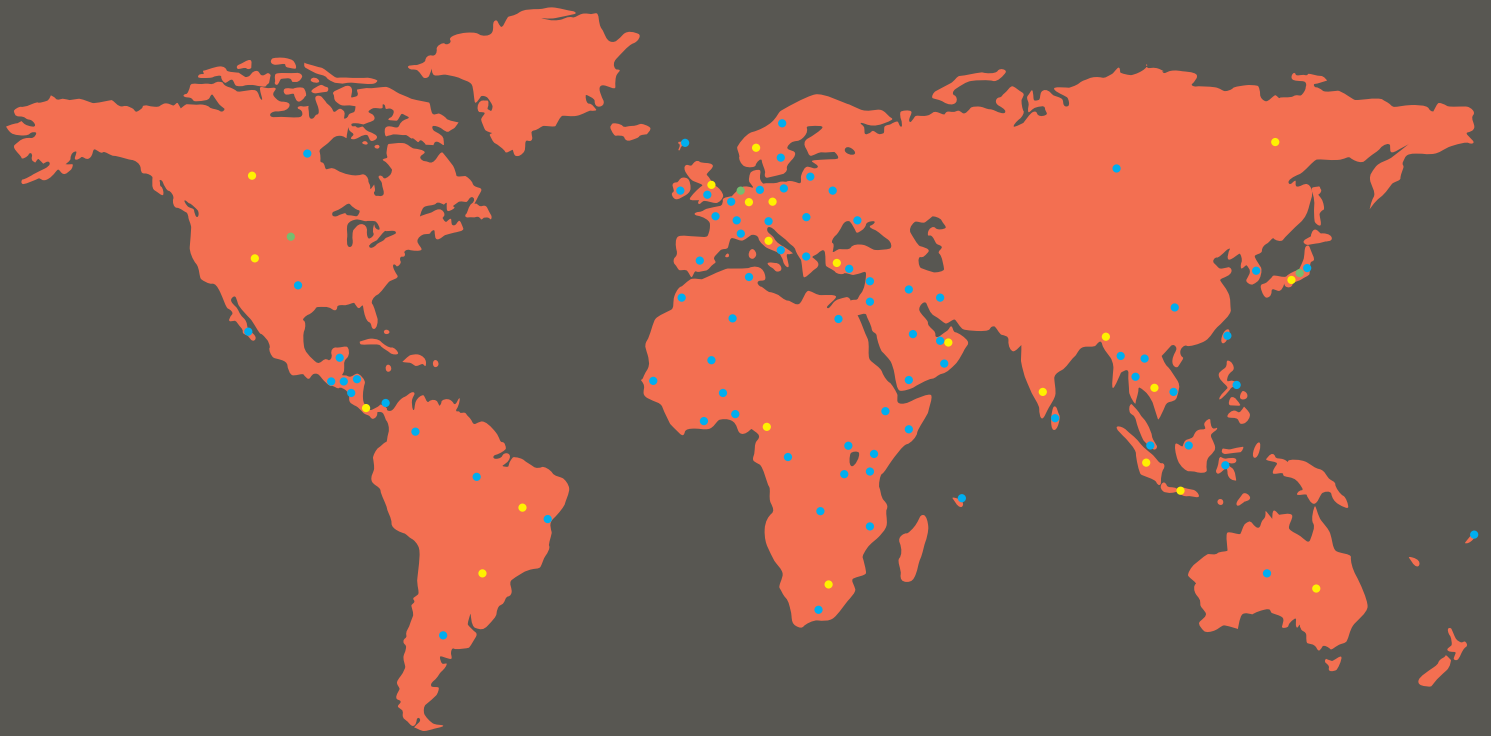
**tdps<sup>TM</sup> is**

**global**

**Annual Report  
2016**

**TD Power Systems Limited**





### ● Installations

Afghanistan	Canada	Georgia	Jordan	Nepal	Salvador	Thailand
Argentina	China	Germany	Kenya	Netherlands	Saudi Arabia	Tunisia
Albania	Costa Rica	Guatemala	Korea	Nicaragua	Sierra	Turkey
Algeria	Colombia	Guinea Bissau	Laos	Niger	Singapore	UAE
Australia	Congo	Honduras	Lebanon	Nigeria	South Africa	Uganda
Austria	Czech Republic	India	Latvia	Norway	South Korea	UK
Bangladesh	Egypt	Indonesia	Malaysia	Oman	Spain	Ukraine
Belize	Ethiopia	Ireland	Mauritius	Pakistan	Sri Lanka	USA
Belarus	Fiji	Iran	Mexico, Lapaz	Panama	Sweden	Vietnam
Borundi	France	Iraq	Morocco	Philippines	Switzerland	Yemen
Brazil	Faroe Islands	Italy	Mozambique	Poland	Taiwan	Zambia
Burkina Faso	Ghana	Japan	Myanmar	Russia	Tanzania	

### Service Centers

Argentina	Indonesia	Turkey
Australia	Japan	UK
Brazil	Netherlands	UAE
Bangladesh	Norway	USA
Canada	Nigeria	
Costa Rica	Russia	
Germany	Singapore	
Italy	South Africa	
India	Thailand	

### ● Subsidiary Companies

USA
Japan
Germany

## tdps™ is global

At TDPS, we focus on custom-designed generators benchmarked to global quality standards for customers including transnational OEMS, based in advanced markets. Over 3000+ generators manufactured by us are installed in 80+ countries across the globe spanning Asian, European, American & African continents. They are built to operate in complex power plant locations under different climatic and topographical conditions in complex power plant locations.

Supporting the worldwide installation base is a network of 21 service partners offering various services such as onsite support in erection and commissioning, training field technicians in commissioning & preventive maintenance activities at plant locations.

Experience and expertise gained from our focus on advanced markets will enable us to expand our global footprint by entering new markets.

Over the years, TDPS has established itself as one of the leading AC generator manufacturers, delivering a wide product spectrum - from 1 to 250MVA. Our AC generator range is designed for turbines-steam, gas, hydro, wind & diesel and gas engine applications. Our product offering also caters to geothermal, solar thermal, oil & gas applications.

TDPS has obtained global product certifications:



**COMPANY INFORMATION**

[www.tdps.co.in](http://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

**Bankers**

Bank of Baroda  
Standard Chartered Bank  
ICICI Bank Limited

**Auditors**

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

**Stock Exchanges**

(Where the shares of the Company are listed)

BSE Limited  
National Stock Exchange of India Ltd.

**Registrar and Transfer Agents (RTA)**

Link Intime India Private Limited

**Investors grievance redressal e-mail id**

[investor.relations@tdps.co.in](mailto:investor.relations@tdps.co.in)

**Board of Directors****Chairman**

Mohib N. Khericha

**Managing Director**

Nikhil Kumar

**Director and CFO**

K. G. Prabhakar

**Independent Directors**

Nandita Lakshmanan  
Arjun Kalyanpur  
Nitin Bagamane  
Ravi Kanth Mantha

**Company Secretary**

N. Srivatsa

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## DIRECTORS' REPORT

### Dear Members

Your Directors have pleasure in presenting the Seventeenth Annual Report (Boards' Report) together with the Audited Financial Statements of the Company (Company or TDPS) for the financial year ended March 31, 2016.

### Financial Results

	For the year ended March 31, 2016 (Rs. in Lakhs)	For the year ended March 31, 2015 (Rs. in Lakhs)
Revenue from operations & other Income	47,436.15	42,195.06
<b>Operating Profit (EBITDA)</b>	<b>5,011.73</b>	<b>5,472.94</b>
Finance cost	481.45	371.99
Depreciation & amortization	2837.62	2,800.60
<b>Profit before Tax (PBT)</b>	<b>1692.66</b>	<b>2,300.35</b>
Tax expense	194.78	604.06
<b>Profit after Tax (PAT)</b>	<b>1,497.88</b>	<b>1,696.29</b>
Add: Surplus brought forward from the Previous Year	20,911.63	20,627.58
Less: Depreciation on Opening balance	-	152.26
<b>Available for appropriation</b>	<b>22,409.51</b>	<b>22,171.61</b>
<b>Appropriations</b>		
Provision for Dividends and Tax thereon	1,220.12	1,059.13
Transfer to General Reserves	122.77	200.85
<b>Surplus carried to Balance Sheet</b>	<b>21,066.62</b>	<b>20,911.63</b>

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

Despite the continuing market and economic challenges & decrease in order inflow by 19%, your Company increased its revenue from operations by Rs. 5,241.09 lakhs in Fiscal 2016, a rise of about 12.42%. Net sales from manufacturing business at Rs. 35,925.91 lakhs, increased by Rs.316.80 lakhs, contributing 75.74% of our Total Income in Fiscal 2016. Net sales from our Project Business at Rs.9,609.10 lakhs increased by Rs. 4,741.71 lakhs, a growth of 97.42% contributing 20.26% of our Total Income in Fiscal 2016. Exports and deemed exports contributed 56% of manufacturing Revenue which reflects our continuing focus on growing our overseas markets. The generators manufactured by the company have been installed in over 80 countries worldwide, reflecting the global focus of the company.

Earnings Before interest, tax, depreciation & amortization (EBITDA) lower by 8.43% at Rs. 5,011.73 Lakhs as compared to Rs. 5,472.94 Lakhs in the previous year due to provisioning for bad & doubtful debts on account of our Japan branch office. The Profit after tax decreased by Rs. 198.41 lakhs to Rs. 1,497.88 lakhs as compared to Rs. 1,696.29 lakhs, a decrease of 11.70% over previous year.

The pending orders as of March 31, 2016 is Rs.36,386.42 lakhs comprising of both manufacturing (Rs. 29,466.54 lakhs) and project business (Rs.6,919.88 lakhs).

The net worth of the Company stands at Rs. 49,405.89 lakhs with the accretion of Rs. 277.76 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.

### Transfer to Reserve

The company proposes to transfer Rs. 122.77 lakhs to the General Reserve on account of declaration of Dividend.

### Directors' Report (contd.)

#### Dividend

The Directors have recommended a dividend of Rs. 3.05 per equity share (an increase of 15%) for the year ended March 31, 2016 as against Rs. 2.645 per equity share for the year ended March 31, 2015. This Dividend is subject to approval of the shareholders at the forthcoming Annual General Meeting (AGM). The dividends will entail a payout of Rs. 1,220.12 lakhs including dividend distribution tax of Rs. 206.37 lakhs.

#### 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) with the stock exchanges, the Management Discussion & Analysis report covering operations, performance & outlook of the Company is annexed 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 "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 Director under Section 149 (7) of the Companies Act, 2013, that he/she met the criteria of independence laid down in section 149 (6) of the Companies Act, 2013 and Regulation 16 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

#### 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 a 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](http://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, 2016, the Company has four (4) 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 and TD Power Systems Europe GmbH in Germany.

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 statement 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 to 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](http://www.tdps.co.in). These documents will also be available for inspection during business hours at our registered office in Bengaluru, India.

## Directors' Report (contd.)

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

### Indian Subsidiary

During the year ended March 31, 2016, the Wholly Owned Subsidiary (WOS) DF Power Systems Private Limited continued scaling down of business in keeping with the decision to disengage from BTG/ EPC projects. Required resources and manpower was earmarked for completion of the two ongoing projects in Karnataka and Chhattisgarh. As on date of this report, both projects have been commissioned. All the residual activities in respect of these projects will be completed during the current year. During the year ended March 31, 2016 the WOS incurred loss of Rs. 2,030.06 lakhs on a total revenue of Rs. 2,545.61 lakhs mainly due to fall in revenues consequent on scaling down of business.

### US Subsidiary

The operations of this subsidiary have been scaled down completely during the year since the expected market response was belied. The operations of this Company during the year under report have resulted in revenue of Rs. 451.29 lakhs and a loss of Rs. 337.75 lakhs. The loss was mainly due to termination cost incurred for closure of office and infrastructure.

During the current year, the operations will be limited to supporting current customers and any expansion will depend on market revival.

### Japan Subsidiary

The operations of this Company during the year under report have resulted in revenue of Rs. 2,871.55 lakhs and a loss of Rs. 20.29 lakhs. The Company's order book as of March 31, 2016 stands at Rs. 966.10 lakhs. The activities of this subsidiary will now be conducted through the Company's Branch office at Japan.

### German Subsidiary

TD Power Systems (Europe) GmbH, based in Germany, is a wholly owned subsidiary (WOS) effective January 13, 2016 and the first financial year of the said Company ended on March 31, 2016. The operations during the year under report have resulted in a loss of Rs. 28.32 Lakhs mainly representing employee and establishment costs.

TDPS Europe has commenced activities during the year under report and it is expected that this presence will enhance our market outreach in Europe generally while it also helps in servicing existing customers in responding to their growing requirements for Generators.

### 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, 2016, 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, 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 safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;



### Directors' Report (contd.)

- 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

#### Board of Directors ("The Board")

During the fiscal 2016 pursuant to section 161 (4) of the Companies Act, 2013, and other applicable provision, if any of the Companies Act, 2013 and Article 135 of the Articles of Association of the Company, Mr. K. G. Prabhakar (DIN 07187463), was appointed as Director (designated as Director and Chief Financial officer) of the Company w.e.f May 20, 2015, liable to retirement by rotation, in the casual vacancy caused by the resignation of Mr. Hitoshi Matsuo.

As per the provisions of the Companies Act, 2013, Mr. K. G. Prabhakar retires at the ensuing Annual General Meeting and being eligible seeks re-appointment. The Board recommends his re-appointment.

A brief resume and other details of Mr. K. G. Prabhakar as required under the Listing Regulations and Secretarial Standard are provided form part of Corporate Governance Report.

In accordance with the provisions of Sections 196 & 197 read with Section I of Part-II of Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Nikhil Kumar (DIN: 00062243) was re-appointed as Managing Director of the Company for a period of 5 years with effect from January 17, 2016.

#### Key Managerial personnel

Mr. Nikhil Kumar, Managing Director, Mr. K. G. Prabhakar, Chief Financial Officer and Mr. N. Srivatsa, Company Secretary are Key Managerial Personnel of the Company as per the provisions of the Companies Act, 2013 and Rules thereunder.

#### Risk Management Policy

Pursuant to Section 134 (n) of the Companies Act, 2013 and Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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. While the Company has identified certain major risks and initiated appropriate measures to mitigate the said risks, a process to enhance the risk management framework is underway.

#### Auditors

M/s. B. K. Ramadhyani & Co. LLP, Chartered Accountants, were appointed as Statutory Auditors of the Company to hold office till the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. They have confirmed their eligibility to the effect that their reappointment, if made, would be within the prescribed limits under of the Companies Act, 2013 and that they are not disqualified for reappointment.

The re-appointment proposed is within the time frame for transition under the third proviso to sub-section (2) of Section 139 of the Companies Act, 2013.

The Report given by the Auditors on the financial statement of the Company is part of the Annual Report. There is no qualification, reservation or adverse remark or disclaimer in the said Report requiring explanations or comments by the Board.

During the year under review, the Auditors have not reported any fraud in terms of Section 143 (12) of the Companies Act, 2013.

#### Secretarial Auditor

Mr. Sudhir V Hulyalkar, Practicing Company Secretary, Bangalore, was appointed as the Secretarial Auditor to conduct the Secretarial Audit of the Company for the Financial Year 2015-16.

## Directors' Report (contd.)

In term of Section 204 of the Companies Act 2013, a Secretarial Audit Report is annexed as Annexure 8 and forms an integral part of this Report. There is no qualification, reservation or adverse remark or disclaimer in the said Report requiring explanations or comments by the Board.

### Cost Auditor

M/s. Rao, Murthy & Associates, Cost Accountants, Bangalore were appointed as Cost Auditors of the Company to carry out the audit of the cost records of the Company for the Financial Year ended March 31, 2016.

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 2016-17.

The Company has received written consent that the appointment as Cost Auditors is in accordance with the applicable provisions of the Act and Rules framed thereunder. The remuneration of Cost Auditors has been approved by the Board of Directors on the recommendation of Audit Committee and the requisite resolution for ratification of remuneration of Cost Auditors by the members has been set out in the Notice of the 17th Annual General Meeting of your Company.

### 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 Fimal 2015-16. The details of which are given in the Corporate Governance report that forms part of this Annual Report. The intervening gap between any two meetings was within the period 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 2016 in relation to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is given in the Annexure 4 forming an integral part of this Report.

#### Particulars of Loans, Guarantees or Investments

Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 also form part of the notes to the financial statements provided in this Annual Report:-

Nature of Transaction	Date of Board Resolution	Date of Transaction	Name of the person to whom it is made	Amount
Loan	11.02.2015	07.04.2015	TD Power Systems (USA) Inc.	USD 1,00,000 INR 62,57,000
Loan	11.02.2015/ 06.08.2015	05.09.2015	TD Power Systems (USA) Inc.	USD 2,00,000 INR 1,33,04,000
Investment	03.02.2016	07.01.206	TD Power Systems Europe GmbH	Euro 27,500 INR 19,91,825
Corporate Guarantee	03.02.2016	04.03.2016	To Standard Chartered Bank on behalf DF Power Systems Private Limited	INR 13,00,00,000*
Investment	03.02.2016	16.03.2016	TD Power Systems Europe GmbH	Euro 150,000 INR 110,91,000

\*Reduction of Corporate Guarantee from Rs. 5000 lakh to Rs. 1300 lakh

### Directors' Report (contd.)

Your Company has formulated a policy on related party transactions which is also available on Company's website at [www.tdps.co.in](http://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.

#### Particulars of employees

A table containing the names and other particulars of employees in accordance with the provisions of Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is appended as Annexure 5 to the Boards' Report.

A statement containing the names of every employee employed throughout the financial year and in receipt of remuneration of Rs. 6,000,000 or more per annum or employed for part of the year and in receipt of Rs. 500,000 or more per month, in terms of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is enclosed as Annexure 6 to the Boards' Report.

#### CSR Committee

In accordance with the requirements of Section 135 of Companies Act, 2013, your Company has a Corporate Social Responsibility Committee, which comprises Mr. Ravi Kanth Mantha, Chairman, Mr. Nitin Bagamane and Mr. Nikhil Kumar as members of the Committee. The terms of reference of the Corporate Social Responsibility Committee is provided in the Corporate Governance Report. Your Company's Corporate Social Responsibility Policy (CSR Policy) is available on the website of the Company at [www.tdps.co.in](http://www.tdps.co.in). 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.

#### Audit Committee

The composition and function of the Audit committee of the Board of Directors of the Company is disclosed in the Report on Corporate Governance forming part of this report.

#### 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

Annual Report and Notice of the 17th Annual General Meeting are sent to all members whose email addresses are registered with the company/Depository Participants. For members who have not registered their email address, 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 11, 2016

**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 31.03.2016

[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 Intime India Private Limited C-13, Pannalal Silk Mills Compound L. B. S. Marg, Bhandup (West) Mumbai - 400 078

## 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.	Manufacture of AC Generators	3601	96
2.	Manufacture of Electric Motors	3604	Nil

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Companies for which information is being filled - 4 (four)

Sl. No.	Name of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section of the Companies Act 2013
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)

## 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	No. of Shares held at the beginning of the year (April 1, 2015)				No. of Shares held at the end of the year (March 31, 2016)				% Change during year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Shareholding of Promoter and Promoter Group</b>									
<b>1. Indian</b>									
a. Individuals / HUF	8569624	0	8569624	25.7829	6485524	0	6485524	19.5126	-6.2703
b. Central Government / State Government(s)	0	0	0	0	0	0	0	0.0000	0.0000
c. Financial Institutions / Banks	0	0	0	0	0	0	0	0.0000	0.0000
d. Any Other (Specify)									
Persons Acting In Concert	1134252	0	1134252	3.4126	3218352	0	3218352	9.6829	6.2703
Bodies Corporate	5026433	0	5026433	15.1227	5026433	0	5026433	15.1227	0.0000
<b>Sub -Total (A) (1)</b>	<b>14730309</b>	<b>0</b>	<b>14730309</b>	<b>44.3182</b>	<b>14730309</b>	<b>0</b>	<b>14730309</b>	<b>44.3182</b>	<b>0.0000</b>
<b>2. Foreign</b>									
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)									
<b>Sub -Total (A) (2)</b>	<b>3235254</b>	<b>0</b>	<b>3235254</b>	<b>9.7337</b>	<b>3235254</b>	<b>0</b>	<b>3235254</b>	<b>9.7337</b>	<b>0.0000</b>
<b>Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A) (2)</b>	<b>17965563</b>	<b>0</b>	<b>17965563</b>	<b>54.0519</b>	<b>17965563</b>	<b>0</b>	<b>17965563</b>	<b>54.0519</b>	<b>0</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a. Mutual Funds / UTI	7265857	0	7265857	21.8604	6850257	0	6850257	20.6100	-1.2504
b. Venture Capital Funds	0	0	0	0.0000	0	0	0	0	0
c. Alternate Investment Funds	0	0	0	0.0000	0	0	0	0	0
d. Foreign Venture Capital Investors	0	0	0	0.0000	0	0	0	0	0
e. Foreign Portfolio Investor	4046779	0	4046779	12.1753	3733260	0	3733260	11.2320	-0.9433
f. Financial Institutions / Banks	0	0	0	0.0000	5612	0	5612	0.0169	0.0169
g. Insurance Companies	0	0	0	0.0000	0	0	0	0	0
h. Provident Funds / Pension Funds	0	0	0	0.0000	0	0	0	0	0
i. Any Other (Specify)	0	0	0	0	0	0	0	0	0
<b>Sub Total (B) (1)</b>	<b>11312636</b>	<b>0</b>	<b>11312636</b>	<b>34.0357</b>	<b>10589129</b>	<b>0</b>	<b>10589129</b>	<b>31.8589</b>	<b>-2.1768</b>

## Annexure to the Directors' Report (contd.)

### Shareholding Pattern (contd.)

Category of Shareholders	No. of Shares held at the beginning of the year (April 1, 2015)				No. of Shares held at the end of the year (March 31, 2016)				% Change during year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2. Central Government/ State Government(s)/ President of India</b>	0	0	0	0	0	0	0	0	0
<b>Sub Total (B) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>3. Non-Institutions</b>									
a. Individuals									
i. Individual shareholders holding nominal share capital upto Rs. 1 lakh.	632588	2	632590	1.9032	1190190	2	1190192	3.5809	1.6777
Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	730066	0	730066	2.1965	930012	0	930012	2.7981	0.6016
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
Any Other (Specify)	0	0	0	0.0000	0	0	0	0.0000	0.0000
Hindu Undivided Family	0	0	0	0.0000	58544	0	58544	0.1761	0.1761
Foreign Companies	0	876270	876270	2.6364	0	876270	876270	2.6364	0.0000
Non Resident Indians (Non Repat)	818	0	818	0.0025	17674	0	17674	0.0532	0.0507
Non Resident Indians (Repat)	24064	0	24064	0.0724	60288	0	60288	0.1814	0.1090
Clearing Member	88398	0	88398	0.2660	65426	0	65426	0.1968	-0.0692
Bodies Corporate	1607183	0	1607183	4.8354	1484490	0	1484490	4.4663	-0.3691
<b>Sub Total (B) (3)</b>	<b>3083117</b>	<b>876272</b>	<b>3959389</b>	<b>11.9124</b>	<b>3806624</b>	<b>876272</b>	<b>4682896</b>	<b>14.0892</b>	<b>2.1768</b>
<b>Total Public Shareholding (B) = (B)(1) + (B)(2) + (B)(3)</b>	<b>14395753</b>	<b>876272</b>	<b>15272025</b>	<b>45.9481</b>	<b>14395753</b>	<b>876272</b>	<b>15272025</b>	<b>45.9481</b>	<b>0.0000</b>
<b>Total (A)+(B)</b>									
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
<b>Total (A) + (B) + (C)</b>	<b>32361316</b>	<b>876272</b>	<b>33237588</b>	<b>100.0000</b>	<b>32361316</b>	<b>876272</b>	<b>33237588</b>	<b>100.0000</b>	

## Annexure to the Directors' Report (contd.)

## Shareholding Pattern (contd.)

## ii. Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (April 1, 2015)			Shareholding at the end of the year (March 31, 2016)			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1.	Saphire Finman Services LLP.	5026433	15.12	0	5026433	15.12	0	0
2.	Nikhil Kumar	4638664	13.96	0	4638664	13.96	0	0
3.	Hitoshi Matsuo	3235254	9.73	0	3235254	9.73	0	0
4.	Sofia M. Khericha	2084100	6.27	0	2084100	6.27	0	0
5.	Mohib N. Khericha	1846860	5.56	0	1846860	5.56	0	0
6.	Chartered Capital & Investment Ltd.	1134252	3.41	0	1134252	3.41	0	0
	<b>Total</b>	<b>17965563</b>	<b>54.05</b>	<b>0</b>	<b>17965563</b>	<b>54.05</b>	<b>0</b>	<b>0</b>

## 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, 2015)		Cumulative Shareholding during the year 2015-2016	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	<b>Saphire Finman Services Private Limited</b>				
	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.	<b>Nikhil Kumar</b>				
	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, 2015)		Cumulative Shareholding during the year 2015-2016	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
3.	<b>Hitoshi Matsuo</b>				
	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.	<b>Mohib N. Khericha</b>				
	At the beginning of year	1846860	5.56%	1846860	5.56%
	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	1846860	5.56%		

## 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, 2015)		Transactions during the year		Cumulative Shareholding during year 2015- 2016	
		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.	<b>Hdfc Trustee Company Ltd - Hdfc Prudence Fund</b>	2646000	7.9609			2646000	7.9609
	Decrease-Sale			28 Aug 2015	(200000)	2446000	7.3591
	Decrease-Sale			04 Sep 2015	(5750)	2440250	7.3418
	Decrease-Sale			09 Oct 2015	(232132)	2208118	6.6434
	Decrease-Sale			30 Oct 2015	(1050000)	1158118	3.4844
	Decrease-Sale			13 Nov 2015	(150000)	1008118	3.0331
	Decrease-Sale			20 Nov 2015	(25000)	983118	2.9579
	Decrease-Sale			04 Dec 2015	(126000)	857118	2.5788
	Decrease-Sale			11 Dec 2015	(100500)	756618	2.2764
	Decrease-Sale			18 Dec 2015	(656618)	100000	0.3009
	Decrease-Sale			07 Jan 2016	(100000)	0	0.0000
	At the end of the year						0
2.	<b>Sofia M. Khericha</b>	2084100	6.2730			2084100	6.2730
	At the end of the year					2084100	6.2730
3.	<b>IDFC Sterling Equity Fund</b>	1546716	4.6535			1546716	4.6535
	Increase-Purchase			13 Nov 2015	107735	1654451	4.9777
	Increase-Purchase			20 Nov 2015	25000	1679451	5.0529



Annexure to the Directors' Report (contd.)

Shareholding Pattern (contd.)

Sl. No.	Name & Type of Transaction	Shareholding at the beginning of the year (April 1, 2015)		Transactions during the year		Cumulative Shareholding during year 2015- 2016	
		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
	Increase-Purchase			18 Dec 2015	38770	1828437	5.5011
	Increase-Purchase			25 Dec 2015	31054	1859491	5.5945
	At the end of the year					1859491	5.5945
4.	<b>India Value Fund iv</b>	<b>1218971</b>	<b>3.6674</b>			1218971	3.6674
	At the end of the year					1218971	3.6674
5.	<b>Sundaram Mutual Fund A/C Sundaram Smile Fund</b>	<b>1148223</b>	<b>3.4546</b>			1148223	3.4546
	Increase-Purchase			10 Apr 2015	4526	1152749	3.4682
	Increase-Purchase			15 May 2015	300	1153049	3.4691
	Increase-Purchase			12 Jun 2015	110000	1263049	3.8001
	Increase-Purchase			26 Jun 2015	5000	1268049	3.8151
	Increase-Purchase			07 Aug 2015	5000	1273049	3.8301
	Increase-Purchase			09 Oct 2015	2000	1275049	3.8362
	Increase-Purchase			30 Oct 2015	2000	1277049	3.8422
	Increase-Purchase			20 Nov 2015	1722	1278771	3.8474
	Increase-Purchase			31 Mar 2016	7655	1286426	3.8704
	At the end of the year					1286426	3.8704
6.	<b>Chartered Capital &amp; Investment Ltd.</b>	<b>1134252</b>	<b>3.4126</b>			1134252	3.4126
	At the end of the year					1134252	3.4126
7.	<b>L &amp; T Mutual Fund Trustee Ltd - L &amp; T Equity Fund</b>	<b>1073085</b>	<b>3.2285</b>			1073085	3.2285
	Increase-Purchase			29 May 2015	8888	1081973	3.2553
	Increase-Purchase			19 Jun 2015	2084	1084057	3.2615
	Increase-Purchase			26 Jun 2015	9181	1093238	3.2892
	Increase-Purchase			30 Jun 2015	1444	1094682	3.2935
	Increase-Purchase			03 Jul 2015	2177	1096859	3.3001
	Increase-Purchase			10 Jul 2015	3839	1100698	3.3116
	Decrease-Sale			31 Jul 2015	(185200)	915498	2.7544
	Increase-Purchase			25 Sep 2015	3652	919150	2.7654
	Decrease-Sale			30 Sep 2015	(1923)	917227	2.7596
	Decrease-Sale			09 Oct 2015	(18077)	899150	2.7052
	Increase-Purchase			13 Nov 2015	60100	959250	2.8860
	Increase-Purchase			04 Dec 2015	378	959628	2.8872
	Increase-Purchase			18 Dec 2015	5000	964628	2.9022
	Increase-Purchase			31 Dec 2015	10000	974628	2.9323
	Increase-Purchase			08 Jan 2016	8612	983240	2.9582

## Annexure to the Directors' Report (contd.)

### Shareholding Pattern (contd.)

Sl. No.	Name & Type of Transaction	Shareholding at the beginning of the year (April 1, 2015)		Transactions during the year		Cumulative Shareholding during year 2015- 2016	
		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
	Increase-Purchase			15 Jan 2016	11466	994706	2.9927
	Increase-Purchase			12 Feb 2016	21653	1016359	3.0579
	Increase-Purchase			19 Feb 2016	5000	1021359	3.0729
	Decrease-Sale			26 Feb 2016	(27813)	993546	2.9892
	Decrease-Sale			04 Mar 2016	(5990)	987556	2.9712
	Decrease-Sale			11 Mar 2016	(32452)	955104	2.8736
	Decrease-Sale			18 Mar 2016	(11666)	943438	2.8385
	Decrease-Sale			25 Mar 2016	(17460)	925978	2.7859
	Decrease-Sale			31 Mar 2016	(6410)	919568	2.7667
	At the end of the year					919568	2.7667
8.	<b>Smallcap World Fund, Inc</b>	1072405	3.2265			1072405	3.2265
	Decrease-Sale			17 Apr 2015	(63318)	1009087	3.0360
	At the end of the year					1009087	3.0360
9.	<b>Toyo Denki Seizo KK</b>	876270	2.6364			876270	2.6364
	At the end of the year					876270	2.6364
10.	<b>Baring India Private Equity Fund III Listed Investments Limited</b>	805778	2.4243			805778	2.4243
	At the end of the year					805778	2.4243
11.	<b>Ontario Teachers' Pension Plan Board Managed by Arohi Asset Management Pte Ltd-Np9q</b>	773850	2.3282			773850	2.3282
	At the end of the year					773850	2.3282
12.	<b>Arohi Asset Management Pte Ltd. A/C Arohi merging Asia Master Fund</b>	571807	1.7204			571807	1.7204
	At the end of the year					571807	1.7204

Note: The above statement is based on the weekly benpos provided by the Registrar & Share Transfer Agent, Link Intime India Private Limited.

Note: 1. Paid up Share Capital of the Company at the end of the year is 33237588 equity share of Rs.10/- each.

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.

Annexure to the Directors' Report (contd.)

v. Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (April 1, 2015)		Cumulative Shareholding during year 2015- 2016	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	<b>Nikhil Kumar</b>				
	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.	<b>Mohib N. Khericha</b>				
	At the beginning of year	1846860	5.56%	1846860	5.56%
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increas/decrease (e.g. allotment/transfer/ bonus/sweat equity etc)	0	0	0	0
	At the end of the year	1846860	5.56%		
3.	<b>Nithin Bagamane</b>				
	At the beginning of year	0	0	0	0
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increas/decrease (e.g. allotment/transfer/ bonus/sweat equity etc)	0	0	0	0
	At the end of the year	0	0		
4.	<b>Arjun Kalyanpur</b>				
	At the beginning of year	0	0	0	0
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increas/decrease (e.g. allotment/transfer/ bonus/sweat equity etc)	0	0	0	0
	At the end of the year	0	0		
5.	<b>Nandita Lakshmanan</b>				
	At the beginning of year	0	0	0	0
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increas/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, 2015)		Cumulative Shareholding during year 2015- 2016	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
6.	<b>Ravi Kanth Mantha</b>				
	At the beginning of year	0	0	0	0
	Date wise Increase / Decrease in Sharehold- ing during the year specifying the reasons for increas/decrease (e.g. allotment/transfer/ bonus/sweat equity etc)	0	0	0	0
	At the end of the year	0	0		
7.	<b>K. G. Prabhakar</b>				
	At the beginning of year	4500	0.01%	4500	0.01%
	Date wise Increase / Decrease in Sharehold- ing during the year specifying the reasons for increas/decrease (e.g. allotment/transfer/ bonus/sweat equity etc)	0	0	0	0
	At the end of the year	4500	0.01%		
8.	<b>N. Srivatsa</b>				
	At the beginning of year	75	0.00%	75	0.00%
	Date wise Increase / Decrease in Sharehold- ing during the year specifying the reasons for increas/decrease (e.g. allotment/transfer/ bonus/sweat equity etc)	0	0	0	0
	At the end of the year	75	0.00%		

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Annexure to the Directors' Report (contd.)

Shareholding Pattern (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.)
<b>A.</b>	<b>Indebtedness at the beginning of the financial year (01.04.2015)</b>				
i	Principal Amount	573,513,883	-	-	573,513,883
ii	Interest due but not paid**	-	-	-	-
iii	Interest accrued but not due**	-	-	-	-
	<b>Total (i+ii+iii)</b>	<b>573,513,883</b>	<b>-</b>	<b>-</b>	<b>573,513,883</b>
<b>B.</b>	<b>Change in Indebtedness during the financial year</b>				
i	Addition	-	-	-	-
ii	Reduction	297,098,430	-	-	297,098,430
	<b>Net Change</b>	<b>297,098,430</b>	<b>-</b>	<b>-</b>	<b>297,098,430</b>
<b>C.</b>	<b>Indebtedness at the end of the financial year (31.03.2016)</b>				
i	Principal Amount	276,415,453	-	-	276,415,453
ii	Interest due but not paid**	-	-	-	-
iii	Interest accrued but not due**	-	-	-	-
	<b>Total (i+ii+iii)</b>	<b>276,415,453</b>	<b>-</b>	<b>-</b>	<b>276,415,453</b>

\*\* 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 (Rs.)	K G Prabhakar Director & CFO (Rs.)	Total (Rs.)
1.	Gross salary	1,95,28,828	4,342,036	<b>23,870,864</b>
a.	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Nil	Nil	
b.	Value of perquisites u/s 17(2) of the Income-tax Act, 1961	Nil	Nil	
c.	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	
2.	Stock Option	Nil	Nil	
3.	Sweat Equity	Nil	Nil	
4.	Commission - as % of profit - others, specify	Nil	Nil	
5.	Others, please specify	Nil	Nil	
	<b>Total (A)</b>	<b>1,95,28,828</b>	<b>*43,42,036</b>	<b>23,870,864</b>

Ceiling as per the Act

Rs. 23,870,864 being 11% of net profits in terms of Section 198 of Companies Act, 2013

\*Mr. K. G. Prabhakar CFO/KMP was appointed as Whole time director w.e.f May 20, 2015.

## Annexure to the Directors' Report (contd.)

## B. Remuneration to other directors

Sl. No.	Particulars of Remuneration	Name of Directors				Total (Rs.)
		Nitin Bagamane (Rs.)	Arjun Kalyanpur (Rs.)	Nandita Lakshmanan (Rs.)	Ravi Kanth Mantha (Rs.)	
1.	Independent Directors Fee for attending board / committee meetings Commission Others, please specify	180,000	180,000	260,000	240,000	860,000
		-	-	-	-	-
		-	-	-	-	-
	<b>Total (1)</b>	<b>180,000</b>	<b>180,000</b>	<b>260,000</b>	<b>240,000</b>	<b>860,000</b>
		<b>Mohib N. Khericha (Rs.)</b>				
2.	Other Non-Executive Directors Fee for attending board / committee meetings Commission Others, please specify		240,000			240,000
			-			-
			-			-
	<b>Total (2)</b>		<b>240,000</b>			<b>240,000</b>
	<b>Total (B) = (1+2)</b>					<b>1,100,000</b>
	Overall Ceiling as per the Act					NA
	<b>Total Managerial Remuneration (A+B)</b>					<b>24,970,864</b>

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	
		Company Secretary N. Srivatsa (Rs.)	Chief Finance Officer K. G. Prabhakar(Rs.)
1.	<b>Gross salary</b>		
	a. Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4,030,193	4,812,980
	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, please specify	-	-
	<b>Total</b>	<b>4,030,193</b>	<b>4,812,980</b>

Annexure to the Directors' Report (contd.)

Shareholding Pattern (contd.)

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

Sl. No.	Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT /COURT]	Appeal made, if any (give Details)
<b>A.</b>	<b>Company</b> Penalty Punishment Compounding					
<b>B.</b>	<b>Directors</b> Penalty Punishment Compounding			<b>NIL</b>		
<b>C.</b>	<b>Other Officers in Default</b> Penalty Punishment Compounding					

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

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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

Name of the Subsidiary	DF Power Systems Pvt. Ltd.	TD Power Systems (USA) Inc.	TD Power Systems Japan Ltd.	TD Power Systems Europe GmbH
Reporting Currency	INR	USD	JPY	EURO
Exchange Rate	NA	**	**	**
Amount Rs. in lakhs	Rs.	Rs.	Rs.	Rs.
Share Capital	600.00	481.78	122.44	130.83
Reserves & Surplus	34.44	(886.31)	242.49	(28.32)
Total Assets	7193.53	474.26	1267.54	123.51
Total Liabilities	7193.53	474.26	1267.54	123.51
Investments	-	-	-	-
Turnover	2545.61	451.29	2871.55	1.19
Profit / (Loss) before taxation	(1998.91)	(337.75)	(19.23)	(28.32)
Provision for taxation	31.14	-	1.07	-
Profit / (Loss) after taxation	(2030.06)	(337.75)	(20.29)	(28.32)
Proposed Dividend	Nil	Nil	Nil	Nil
% of Shareholding	100	100	100	100

## Note

- Names of subsidiaries which are yet to commence operations: Nil
- Names of subsidiaries which have been liquidated or sold during the year: Nil
- \*\* Financial Information is based on Audited Results.
- Figures of the foreign subsidiaries are converted as per Accounting Standard AS 11.
- Subsidiaries have 31st March as reporting date.

## Part “B”: Associates and Joint Ventures - Nil

For and on behalf of the Board of Directors

**Mohib N. Khericha**  
Chairman

**Nikhil Kumar**  
Managing Director

Bangalore  
May 11, 2016

**K. G. Prabhakar**  
Director & CFO

**N. Srivatsa**  
Company Secretary



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:**

There were no contracts or arrangement or transactions entered into during the year ended March 31, 2016, which were not at arm's length basis.

**Details of material contracts or arrangement or transactions at arm's length basis for the year ended March 31, 2016 as follows:**

a.	Name(s) of the related party and nature of relationship	<b>Mr. Sagir Khericha</b>
b.	Nature of contracts/arrangements/ transactions	Son of Mr. Mohib N Khericha, Director of the company
c.	Duration of the contracts arrangements /transactions	18 months from April 1, 2015
d.	Salient terms of the contracts or arrangements or transactions including the value, if any:	- Remuneration of Rs. 75,000 Per month - Leave and other terms as per company policy - Designation-Business manager in ACG Unit
e.	Date(s) of approval by the Board, if any:	May 20, 2015
f.	Amount paid as advances, if any:	Nil

**Note**

The related party transactions for Fiscal 2016 as per Note 31 to the financial statements are based on contracts entered into prior to April 1, 2014.

For and on behalf of the Board of Directors

**Mohib N. Khericha**  
Chairman

**Nikhil Kumar**  
Managing Director

Bangalore  
May 11, 2016

**K. G. Prabhakar**  
Director & CFO

**N. Srivatsa**  
Company Secretary

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## 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>1. Energy conservation measures taken</p> <ul style="list-style-type: none"> <li>- BESCOM Contract demand reduced 50% for U1 &amp; U2. total savings Rs. 63 L per annum.</li> <li>- GVPI-curing ovens, heater rating reduced to 180 KW, from 210 KW. &amp; 150 KW, from 168 KW. Total 48 KW per hour.</li> <li>- LED lights changed for coil tapping area. 560 units saving per month.</li> <li>- Micamation m/c-Rotor pole coil-two pole coils is pressed at a time instead of one coil. 300 units will be saved in one process.</li> </ul> <p>2. Additional Investments and proposals, if any, being implemented for reduction of consumption of energy.</p> <ul style="list-style-type: none"> <li>- In both the Units of the Company, LED light fittings are planned for high bay fittings in shop floor winding &amp; GVPI bay instead of HPSV lamps. LED lamps are planned for coil section instead of fluorescent lamps.</li> <li>- The energy efficient compressor is planned instead of conventional compressor system in shop floor-air supply.</li> <li>- The detuned power capacitor will be introduced in LT power system to avoid Current Harmonic effects in the system</li> </ul> <p>3. Impact of measures (1) &amp; (2) above for reduction of energy consumption and consequent impact on the cost of production of goods.</p> <p>The above measures have resulted in energy saving, optimum utilization and efficiency and reduction in cost.</p>
	Steps taken by the company for utilizing alternate sources of energy	Natural gas will be the alternate fuel for DG sets. Dual fuel system will be introduced for the DG sets to reduce the consumption of HSD.
	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.</p> <p>A 4 MVA traction generator was built to Print. Drawings, process, insulation of traction based on technology of global engineering giant was absorbed and implemented. New facilities and technologies introduced for first-time in the manufacture of Traction alternators for USA market based on global engineering technology.</p> <p>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>New Insulation system based on technology of an engineering giant was successfully established and employed for manufacture of 2-pole stators.</p> <p>Foray into cost-saving and environment conscious projects based on wind energy and Geo-thermal 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>

**Annexure to the Directors' Report (contd.)**

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.</p> <p>To meet the competitive price, design optimized and frame size reduced. Achieved significant cost reduction per machine.</p> <p>Highest MW rating achieved in New frame. This is completely new development frame. Machine was tested successfully. With this success, TDPS extends its machine rating from → 42MW to 55MW in Cylindrical rotor offering competitive price against Salient pole rotors.</p>
3.	In case of imported technology (imported during the last three years reckoned from the beginning of the FY), following information may be furnished	
	a. Technology Imported	Design and manufacturing technology in respect of wind and hydro and new generation type generators.
	b. Year of Import	2008/2011/2013
	c. Has technology been fully absorbed	Manufacture of large generators in progress and absorption in respect of critical parts and assemblies completed while in respect of certain other critical parts of a large generator the absorption is under study. Manufacturing commenced in respect of wind generators. Machines with International Certifications and stringent customer specifications developed.
	d. If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action	The technology imported is being absorbed backed by training and development which is a gradual process due to high quality and precision requirements.
4.	Expenditure incurred on Research and Development	(Rs. in lakhs)
	a. Capital	
	b. Recurring	666.66
	c. Total	666.66
	d. Total R&D expenditure as a percentage of turnover	1.77%
<b>c.</b>	<b>Foreign Exchange Earnings and Outgo</b>	Rs. in Lakhs
	Earnings in foreign Exchange [Value of Exports on FOB basis]	17,778.99
	Foreign Exchange outgo (Includes RMC, components, spare parts and other expenditure in foreign currency)	6,534.45

For and on behalf of the Board of Directors

**Mohib N. Khericha**  
Chairman

**Nikhil Kumar**  
Managing Director

Bangalore  
May 11, 2016

**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	<b>Name of the Director</b>	<b>Ratio to the Median</b>		
		Mr. Nikhil Kumar - Managing Director	7.23		
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.	<b>Name of the Director</b>	<b>% Increase</b>		
		Mr. K. G. Prabhakar - Director & CFO	1.82		
iii.	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.	Mr. Nikhil Kumar - Managing Director	Nil		
		Mr. K G Prabhakar - Director & CFO	Nil		
		Mr. N Srivatsa -Company Secretary	Nil		
iii.	The percentage increase in the median remuneration of employees in the financial year	No increase in the median remuneration of employees in the financial year 2016			
iv.	The number of permanent employees on the rolls of Company	639			
v.	The explanation on the relationship between average increase in remuneration and company performance	The Profit before tax (PBT) decreased by 26.42% in Fiscal 2016. There was no increase in median remuneration.			
vi.	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company	No increase in the remuneration of Key Managerial Personnel during the period			
vii.	Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year	<b>Particulars</b>	<b>2011*</b>	<b>2015</b>	<b>2016</b>
		Share price at March 31	256**	359.30	208.675
		No. of equity shares	33237588	33237588	33237588
		PE Ratio	15.11	70.45	46.27
		Market capitalization (Rs. In lakhs)	85088.23	119422.65	69358.54
		% increase /	-	(+)40.35%	(-)18.49%
		Decrease in market quotation in comparison to last public offer price			
* The Company's last public offer was in September 2011 **Price at which shares were issued in the IPO					

Annexure to the Directors' Report (contd.)

viii. 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	There was no increase in the salaries of employees other than workman		
ix. Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company	The comparison of remuneration of the each Key Managerial Personnel against the Company PAT and Revenue for the FY 2015-16 are as follows		
	<b>Name of the KMP</b>	<b>% of Revenue</b>	<b>% of PAT</b>
	Mr. Nikhil Kumar	0.41	13.04
	Mr. K. G. Prabhakar	0.10	3.21
Mr. N. Srivatsa	0.08	2.69	
x. The key parameters for any variable component of remuneration availed by the directors	As provided in the Act and subject to approval of the shareholders, the Whole time directors are entitled to a variable salary in the form of commission, approved by the Board on the recommendation of the Nomination and Remuneration committee based on company performance, management challenges, market requirements and individual performance.		
xi. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year	Nil As no employee receives remuneration in excess of the highest paid director.		
xii. 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

Bangalore  
May 11, 2016

**K. G. Prabhakar**  
Director & CFO

**N. Srivatsa**  
Company Secretary

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## 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

Employee Name	Nikhil Kumar
Designation	Managing Director
Remuneration	Rs. 19,528,828
Nature of employment	Contract
Qualifications & experience	Bachelor of Engineering
Date of commencement of employment	01-10- 2001
Age	48
Previous employment and designation	Kirloskar Electric Company Limited, Bangalore General Manager
Percentage of equity shares held (March 31, 2016)	13.96%
Relative of any director or Manager of the Company	No

For and on behalf of the Board of Directors

**Mohib N. Khericha**  
Chairman**Nikhil Kumar**  
Managing DirectorBangalore  
May 11, 2016**K. G. Prabhakar**  
Director & CFO**N. Srivatsa**  
Company Secretary

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**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:

<b>Name</b>	<b>Category</b>	<b>Description</b>
Mr. Ravi Kanth Mantha	Independent Director	Chairman
Mr. Nitin Bagamane	Independent Director	Member
Mr. Nikhil Kumar	Managing 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

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. In addition, the company may consider undertaking other permitted CSR activities from time to time including making contributions to the specific funds mandated by the Central/ State Government of India like Prime Minister's Relief Fund etc.

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](http://www.tdps.co.in)

The CSR Policy believes that tangible and accelerated social benefit will be derived if the Company focuses its CSR activities in one geographical area / location and accordingly the CSR initiatives are being executed mostly in and around villages in Nelamangala taluk, Bangalore Rural District where the Company's operations are situated currently.

In terms of the CSR policy, the CSR committee selected a project relating to integrated water & sanitation management in Tymagondalu Village, Nelamangala Tq, Bangalore Rural District as the first CSR initiative of the Company. Our CSR intervention engaged with key stakeholders of the village to get a buy-in on implementing a sustainable Integrated Water and Sanitation system for the village. A Project Support Unit (PSU) was created to interface with the institutions and citizens on the program. A pilot project for the Solid Waste Management (SWM) program commenced with house to house campaign in two wards. Allocation of land & building has been obtained from the village council for waste treatment, dry waste collection, sorting and storage. Mapping of the entire village has been done to identify roads, drains, major public water bodies, and major landmarks. An ancient tank which had been neglected to a decrepit state, has been revived. This initiative is expected to have duration of 5 years during which objectives such as garbage free village, augmentation of ground and surface water, zero contamination of water, 24/7 water supply, decentralized STP and solid waste management programs in two wards and related training and campaign would be achieved.

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. 1802.32 lakhs.

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

Prescribed CSR expenditure is Rs. 36.04 lakhs (2% of Rs. 1802.32 lakhs.)

5. Details of CSR spent during the financial year

a. Total amount to be spent for the financial year: Rs. 110.54 lakhs (including for 2014-15)

b. Amount unspent, if any: Rs. 41.65 lakhs

## Annexure to the Directors' Report (contd.)

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

(Rs. 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	110.54 (Initial outlay)	65.89	65.89	Implementing agency
2.	Akshaya Patra	Eradication of hunger and malnutrition (i) of Schedule VII			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

A sum of Rs. 68.89 lakhs has been spent on the Integrated water & sanitation management (IWSM) Project as detailed above as of March 31, 2016. Thus, the entire allocation of Rs. 63.70 lakhs relating to financial year 2013-14 has been spent completely and the balance sum of Rs. 5.19 lakhs has been spent out of allocation relating to financial year 2014-15. A sum of Rs. 41.65 lakhs relating to the allocation for the financial year 2014-15 is yet to be spent. In a project of this nature, expenditure is incurred on achieving targeted milestones and related stakeholder initiative. Funds are released to implementing agencies only when it is satisfied that the agreed target and the expected milestones will be met.

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 11, 2016

**Nikhil Kumar**  
Managing Director

**Ravi Kanth Mantha**  
Chairperson - CSR Committee

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Annexure to the Directors' Report (contd.)

**ANNEXURE – 8**

**FORM NO. MR-3**

**Secretarial Audit Report for the Financial Year ended March 31, 2016**

[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].

To  
The Members  
**TD Power Systems Limited**  
Regd. Office: # 27, 28 & 29,  
KIADB Industrial Area Dabaspet,  
Nelamangala Taluk, Bangalore-562 111

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 conducted in a 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, 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, 2016 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 return filed and other record maintained by TD Power Systems Limited ("the company") for the financial year ended on March 31, 2016 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);
  - 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

## Annexure to the Directors' Report (contd.)

- 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;
- xi. I have also examined compliance with the applicable causes of the Listing Agreements entered into by the company with Bombay stock Exchange and National stock Exchange of India;

I have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited;

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 note 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 09, 2016

**Sudhir Vishnupant Hulyalkar**  
Company Secretary in Practice

FCS No. 6040  
C P No. : 6137

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**Annexure to the Directors' Report (contd.)**

**ANNEXURE – 9**

**MANAGEMENT DISCUSSION AND ANALYSIS**

During Fiscal 2016, the company continued to experience challenging circumstances as the expected kick start of investments & industrial growth did not gain the desired momentum. The capital goods industry is rated as an underperformer due to overcapacity and market slowdown in user industries. As a result, the capital goods sector continued to face stress, with no visible uptick in key manufacturing and infrastructure sectors. Order intake and sales have remained weak reflecting an overhang of slow recovery. The global scenario offered no cause for cheer as it continued to encounter challenges including volatility, Eurozone instability, depression in crude oil and commodity prices, currency depreciation in emerging markets and a lingering slowdown in China.

We continue 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. In order to drive maximum capacity and operational efficiencies, power intensive industries such as steel, aluminum, copper, cement, engineering, sugar, chemicals depend on Captive Power Plants (CPP) in which the Company has a significant market presence.

As in the last two to three years the domestic market for generators continued to be sluggish in Fiscal 2016. Consistent depression in demand over the last three years has led to intense competition and consequently unrelenting pricing pressures.

The manufacturing order inflow was lower by about 19% in Fiscal 2016 at Rs 35,004.33 lakhs as compared to Rs. 43,187.90 lakhs in Fiscal 2015. Domestic market contributed 43% and exports (including deemed exports) contributed 57% of the order inflow during Fiscal 2016. As of March 31, 2016 (Fiscal 2016) 2990 generators with an aggregate output capacity of over 22849 MW have been supplied to over 80 countries.

Steam, Hydro & Gas application generators contributed 49%, 29% & 13% respectively of the revenue for Fiscal 2016. The contribution of Gas generators continued to increase in Fiscal 2016 over Fiscal 2015. A large part of generator sales take place through OEM's, with top 10 customers contributing to 65% of Fiscal 2016 revenues. Our association with leading hydro & gas OEM'S is progressing well reflecting a good potential in these segment.

During Fiscal 2016, we added 7 new customers in steam, diesel and hydro segments. Evaluation of traction generators delivered against pre-qualification orders is underway and we are hopeful that the generators will meet all the required parameters. As a part of increasing our enlistment as preferred vendor, we have undergone audits by overseas OEMS from Japan, Korea and Norway for supply of diesel, gas, traction, and hydro generators. During Fiscal 2016 we delivered two 2 pole generators and stators. A 28 MW hydro generator was manufactured during Fiscal 2016. This was the largest hydro machine built by us. The largest 55 MW generator based on our technology was manufactured during Fiscal 2016 for the UK market. Generators of 10MW capacity for gas engine application were manufactured for installation in Germany.

On standalone basis, net sales from manufacturing business increased by Rs. 316.80 Lakhs or 0.89%, to Rs. 35,925.91 Lakhs in Fiscal 2016 from Rs. 35,609.12 Lakhs in Fiscal 2015, contributing 75.74% of total revenues for Fiscal 2016. Sluggish demand in the domestic market has constrained growth in revenues. However the company's ability to diversify its product portfolio and its penetration into exports markets have compensated the unprecedented fall in domestic market. Our overseas markets will continue to drive our exports both in the medium and long-term. In addition to USA and Japan, we have set up sales office in Europe, in order to strengthen our presence in key markets.

We also undertake overseas Turbine Generator island (TG Island) projects for steam turbine power plants with output capacity up to 55 MW using a Japanese turbine combined with our generator through our Japan branch. Net sales from our Project Business increased by Rs. 4,741.71 Lakhs, or 97.42%, to Rs. 9,609.10 Lakhs in Fiscal 2016 from Rs. 4,867.40 Lakhs in Fiscal 2015 as large part of our sale was routed through our Branch office, instead of subsidiary at Japan. This contributed 20.26% and 11.54% of our Total Income in Fiscal 2016 and 2015, respectively.

The pending orders as of March 31, 2016 is Rs. 36,386.42 lakhs comprising of both manufacturing (Rs. 29,466.54 lakhs) and project business (Rs. 6919.88 lakhs).

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

On a standalone basis Profit before tax and extraordinary items decreased by Rs. 607.70 Lakhs or 26.42%, to Loss of Rs. 1,692.66 Lakhs in Fiscal 2016 from Rs. 2,300.36 Lakhs in Fiscal 2015. Profit after tax decreased by Rs. 198.41 Lakhs, or 11.70%, to Rs. 1,497.88 Lakhs in Fiscal 2016 from Rs. 1,696.29 Lakhs in Fiscal 2015.

## Management Discussion and Analysis (contd.)

On a consolidated basis, Net sales decreased by Rs. 9,069.07 Lakhs, or 15.18%, to Rs. 50,675.12 Lakhs in Fiscal 2016 from Rs. 59,744.19 Lakhs in Fiscal 2015, due to decrease in sales volume of EPC Business. Profit before tax and extraordinary items decreased by Rs. 1,287.28 Lakhs or 216.08%, resulting in a Loss of Rs. 691.55 Lakhs in Fiscal 2016 from profit of Rs. 595.74 Lakhs in Fiscal 2015. Operating Loss increased by Rs. 835.70 Lakhs, resulting in a Rs. 918.54 Lakhs in Fiscal 2016 from Rs. 82.84 Lakhs in Fiscal 2015.

### Outlook

The market conditions continue to be uncertain. While there has been an improvement in enquiries there has been no perceptible momentum in order conversions for supply of generators in the domestic market. The market can best be described as a “push market rather than a pull market” which can result in deferment of deliveries and an extended working capital cycle. However, we are hopeful of sustaining our market share in steam generators (up to 55MW), in diesel generators and hydro generators and 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 2017 given the tepid domestic market scenario.

Steam, Hydro & Gas Engine generators are expected to drive revenues for Fiscal 2017. Aggressive pricing from smaller European manufacturers continues to be a challenge in the export market for hydro segment.

The Company continues to pursue component business from the large generator segment. While we hope that the domestic market recovers for steam generators, we continue to focus on building our existing portfolio of generators for other applications. Due to uncertainty and further fall in domestic market, we are uncertain about growth and expect to remain flat. However some export orders inflows may provide last minute silver lining.

The projects business (TG Island) will now be conducted through the company's Branch at Japan instead of the wholly owned subsidiary. This business is being realigned to meet business requirements and during this Fiscal 2017 revenues from this segment will continue to be flat.

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 56% of manufacturing revenues.

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

#### 1. Economic slowdown and market concentration

A conducive investment climate and interest rate regime, global economic and market conditions drive growth and performance of the industrial sector which forms the Company's customer base. 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. As stated earlier, in the last 3 years, due to the slow-down in the economic activities, the domestic market has declined/remained stagnant which had considerable effect on the demand of the Company's products.

In order to reduce the over 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. The Company is directing significant resources for extending its footprints in the global market to lessen the risk of over dependence on certain countries/regions. 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.

#### 2. 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.

### Management Discussion and Analysis (contd.)

The diverse 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 and has reduced 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 are consistently growing de-risking the products mix.

#### 3. 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 design 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 large generators. As a part of the technology agreements, the Company receives updation of technology and processes continuously from licensors.

#### 4. Competition Risk

Many large corporations in Europe, America and in South East are competitors to the Company. These large corporations have access to advanced technologies, greater global reach, larger financial resources and may benefit from greater economies of scale and operating efficiencies. Competitors may be able to sell their products at prices lower than the Company's, which may have an adverse effect on the Company's market share and results of operations. This may compel the Company to quote aggressively and impact its margins.

With a view to mitigate this risk, the Company provides value proposition to customer with products which meet the benchmark efficiencies at a competitive price and shorter delivery time, without compromising on margins. 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.

#### 5. 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 3 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,

## Management Discussion and Analysis (contd.)

reliability of financial data and safeguarding of assets. Internal controls are evaluated by the external Internal Auditors and supported by Management reviews. All audit observations and follow up actions 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 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 47 man days per employee was dedicated for training. Employee relations continue to remain peaceful and cordial.

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 behaviour and in which issues of harassment will be resolved without fear of reprisal. In this direction a Policy on prevention/prohibition of sexual harassment of woman at Company's workplace ("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.

As on March 31, 2016, the total strength of employees stood at 1018.

Management Discussion and Analysis (contd.)

Financial Review

Consolidated basis

The results of operations as of and for the years ended March 31, 2016 and 2015 on a consolidated basis is as follows

Particulars	Fiscal 2016		Fiscal 2015	
	(Rs. in Lakhs)	% of Total Income	(Rs. in Lakhs)	% of Total Income
<b>Income</b>				
Net Sales	50,675.12	96.17	59,744.19	96.06
Other Income	2,018.84	3.83	2,450.15	3.94
<b>Total Income</b>	<b>52,693.96</b>	<b>100.00</b>	<b>62,194.34</b>	<b>100.00</b>
<b>Expenditure</b>				
Consumption of Raw Material, Stores, Spare parts and Components	25,992.96	49.33	25,307.73	40.69
Purchases for Project Business	8,096.49	15.37	4,860.66	7.82
Purchases for EPC	2,699.25	5.12	15,157.78	24.37
Operating and Other Expenses	13,187.08	25.03	13,004.67	20.91
Interest and Finance Charges				
On Fixed Loans	0.00	0.00	0.00	0.00
On Other Accounts	498.15	0.95	388.69	0.62
Loss on Sale of Fixed Assets	30.86	0.06	2.79	0.00
Depreciation Amortization of Technical Know-how	2,880.71	5.47	2,876.29	4.62
<b>Total Expenditure</b>	<b>53,385.51</b>	<b>101.31</b>	<b>61,598.61</b>	<b>99.04</b>
<b>Profit Before Tax and Extraordinary Items</b>	<b>(691.55)</b>	<b>(1.31)</b>	<b>595.73</b>	<b>0.96</b>
Provision for Taxation	466.07	-	363.10	-
Provision for Wealth Tax	-	-	1.82	-
Deferred Tax	(239.08)	-	313.65	-
<b>Profit/(Loss) Before Extraordinary Items</b>	<b>(918.54)</b>	<b>-</b>	<b>(82.84)</b>	<b>(82.84)</b>
Extraordinary Items	-	-	-	-
Provision no longer required	-	-	-	-
Adjustments Less: Provision no longer required with respect to earlier years adjusted to the respective year	-	-	-	-
<b>Profit After Extraordinary Items</b>	<b>(918.54)</b>		<b>(82.84)</b>	<b>(82.84)</b>
<b>Profit/(Loss) After Tax</b>	<b>(918.54)</b>		<b>(82.84)</b>	<b>(82.84)</b>

The Company's performance in Fiscal 2016 (vis-a-vis Fiscal 2015) on a consolidated basis is summarized as follows

- Total income decreased by Rs. 9,500.38 Lakhs, or 15.28%, to Rs. 52,693.96 Lakhs in Fiscal 2016 from Rs. 62,194.34 Lakhs in Fiscal 2015, due to decrease in sales volume of EPC Business. However, the manufacturing and Projects Business have shown growth in sales volume.
  - Net sales decreased by Rs. 9,069.07 Lakhs, or 15.18%, to Rs. 50,675.12 Lakhs in Fiscal 2016 from Rs. 59,744.19 Lakhs in Fiscal 2015, due to decrease in sales volume of EPC Business.
  - Net sales from our manufacturing business increased by Rs. 1,816.88 Lakhs or 5.33%, to Rs. 35,887.48 Lakhs in Fiscal 2016 from Rs. 34,070.60 Lakhs in Fiscal 2015 & contributed 68.11% and 54.78% of our Total Income in Fiscal 2016 and 2015 respectively.

## Management Discussion and Analysis (contd.)

- Net sales from our Project Business including Japan Subsidiary increased by Rs. 2,571.66 Lakhs, or 25.96%, to Rs. 12,479.61 Lakhs in Fiscal 2016 from Rs. 9,907.95 Lakhs in Fiscal 2015 & contributed 23.68% and 15.93% of our Total Income in Fiscal 2016 and 2015 respectively.
- Net Sales from EPC Business decreased by Rs. 13,457.62 Lakhs or 85.36% to Rs. 2,308.02 Lakhs in Fiscal 2016 from Rs. 15,765.64 Lakhs in Fiscal 2015 & contributed 4.38% and 25.35% of our Total Income in Fiscal 2016 and Fiscal 2015 respectively.
- Other income decreased by Rs. 431.31 Lakhs, or 17.60%, to Rs. 2,018.84 Lakhs in Fiscal 2016 from Rs. 2,450.15 Lakhs in Fiscal 2015 due to decrease in interest income & contributed 3.83% and 3.94% of our total income in Fiscal 2016 and 2015 respectively.
- Total expenditure decreased by Rs. 8,213.10 Lakhs, or 13.33%, to Rs. 53,385.51 Lakhs in Fiscal 2016 from Rs. 61,598.61 Lakhs in Fiscal 2015.
  - Consumption of raw material, stores, spare parts and components expenses increased by Rs. 685.23 Lakhs, or 2.71%, to Rs. 25,992.96 Lakhs in Fiscal 2016 from Rs. 25,307.73 Lakhs in Fiscal 2015, primarily due to increase in sale of manufactured goods. Expressed as a percentage of total income, raw material consumed expenses increased to 49.33% in Fiscal 2016 from 40.69% in Fiscal 2015 due to increased volumes and change product mix.
  - Purchases for Project Business including Japan Subsidiary increased by Rs. 3,235.83 Lakhs, or 66.57%, to Rs. 8,096.49 Lakhs in Fiscal 2016 from Rs. 4,860.66 Lakhs in Fiscal 2015, due to increased business volume. Expressed as a percentage of total income, purchases for Project Business increased to 15.37% in Fiscal 2016 from 7.82% in Fiscal 2015.
  - Purchases for EPC decreased by Rs. 12,458.52 Lakhs, or 82.19%, to Rs. 2,699.25 Lakhs in Fiscal 2016 from Rs. 15,157.78 Lakhs in Fiscal 2015, due to reduced business volumes. Expressed as a percentage of total income, purchases for EPC expenses decreased to 5.12% in Fiscal 2016 from 24.37% in Fiscal 2015.
  - Operating and other expenses increased by Rs. 182.41 Lakhs, or 1.40%, to Rs. 13,187.08 Lakhs in Fiscal 2016 from Rs. 13,004.67 Lakhs in Fiscal 2015. Expressed as a percentage of total income, operating and other expenses is 25.03% in Fiscal 2016 when compared to 20.91% in Fiscal 2015.
  - Personnel expenses through salaries, wages and bonuses decreased by Rs. 112.26 Lakhs, or 2.39%, to Rs. 4,581.46 Lakhs in Fiscal 2016 from Rs. 4,693.72 Lakhs in Fiscal 2015 due to freeze in salary revision of management staff and reduction of staff in our EPC business.
  - Welfare expenses increased by Rs. 277.97 Lakhs, or 18.44%, to Rs. 1,785.00 Lakhs in Fiscal 2016 from Rs. 1,507.03 Lakhs in Fiscal 2015 on account of increase due to inflation and number of people.
  - Rent charges decreased by Rs. 69.38 Lakhs, or 31.13%, to Rs. 153.53 Lakhs in Fiscal 2016 from Rs. 234.41 Lakhs in Fiscal 2015 primarily due to termination of lease of office premises.
  - Selling expenses increased by Rs. 503.10 Lakhs, or 82.70%, to Rs. 1,111.45 Lakhs in Fiscal 2016 from Rs. 608.34 Lakhs in Fiscal 2015, on account of increased business volumes.
  - Vehicle Maintenance expenses decreased by Rs. 23.63 Lakhs, or 29.29%, to Rs. 57.04 Lakhs in Fiscal 2016 from Rs. 80.67 Lakhs in Fiscal 2015 on account of reduction of number of vehicles.
  - Insurance expenses decreased by Rs. 70.26 Lakhs, or 49.52%, to Rs. 71.63 Lakhs in Fiscal 2016 from Rs. 141.89 Lakhs in Fiscal 2015, on account of restructuring various individual policies
  - Direction charges including other expenses decreased by Rs. 89.13 Lakhs, or 21.81%, to Rs. 319.54 Lakhs in Fiscal 2016 from Rs. 408.67 Lakhs in Fiscal 2015 due to lower profits.
  - The company has made provision for bad and doubtful debts during Fiscal 2016 to the tune of Rs. 1,511.22 Lakhs relating to EPC and Japan Branch Business.
  - Interest and finance charges increased by Rs. 109.46 Lakhs, or 28.16%, to Rs. 498.15 Lakhs in Fiscal 2016 from Rs. 388.69 Lakhs in Fiscal 2015, due to increased utilization of in the working capital facilities for few months during the year.



**Management Discussion and Analysis (contd.)**

- Profit before tax and extraordinary items decreased by Rs. 1,287.28 Lakhs or 216.08%, to Loss of Rs. 691.55 Lakhs in Fiscal 2016 from Rs. 595.74 Lakhs in Fiscal 2015.
- Operating Loss increased by Rs. 835.70 Lakhs, to Rs. 918.54 Lakhs in Fiscal 2016 from Rs. 82.84 Lakhs in Fiscal 2015.
- Capital expenditure in Fiscal 2016 and 2015 were Rs. 1,646.31 and Rs. 8,281.17 Lakhs, respectively. The capital expenditure was incurred primarily towards expanding our manufacturing facility for a new product range.
- The consolidated net worth stands at Rs. 47,327.45 Lakhs a decrease of Rs. 2,076.53 Lakhs over Fiscal 2015.

**Standalone basis**

The results of operations as of and for the years ended March 31, 2016 and 2015 on a stand-alone basis, comprising of manufacturing business and projects business is as follows

Particulars	Fiscal 2016		Fiscal 2015	
	(Rs. in Lakhs)	% of Total Income	(Rs. in Lakhs)	% of Total Income
<b>Income</b>				
Net Sales	45,535.02	95.99	40,476.51	95.93
Other Income	1,901.13	4.01	1,718.54	4.07
<b>Total Income</b>	<b>47,436.15</b>	<b>100.00</b>	<b>42,195.06</b>	<b>100.00</b>
<b>Expenditure</b>				
Consumption of Raw Material, Stores, Spare parts and Components	25,761.06	54.31	24,689.11	58.51
Purchases for Project Business	5,493.29	11.58	3,083.60	7.31
Operating and Other Expenses	11,170.07	23.55	8,949.39	21.21
Interest and Finance Charges				
On Fixed Loans	0.00	0.00	0.00	0.00
On Other Accounts	481.45	1.01	372.00	0.88
Loss on Sale of Fixed Assets	-	-	-	-
Depreciation Amortization of Technical Knowhow	2,837.62	5.98	2,800.60	6.64
<b>Total Expenditure</b>	<b>45,743.49</b>	<b>96.43</b>	<b>39,894.70</b>	<b>94.55</b>
<b>Profit Before Tax and Extraordinary Items</b>	<b>1,692.66</b>	<b>3.57</b>	<b>2,300.36</b>	<b>5.45</b>
Provision for Taxation	465.00	-	290.00	-
Provision for Wealth Tax	-	-	1.82	-
Deferred Tax	270.22	-	312.25	-
Fringe Benefit Tax	0.00	-	0.00	-
Profit Before Extraordinary Items	<b>1,497.88</b>	-	<b>1,696.29</b>	-
Extraordinary Items – Provision No longer required	0.00	-	0.00	-
Adjustments Less: Provision no longer required with respect to earlier years adjusted to the respective year	0.00	-	0.00	-
<b>Profit After Extraordinary Items</b>	<b>1,497.88</b>	-	<b>1,696.29</b>	-
<b>Profit/(Loss) After Tax</b>	<b>1,497.88</b>	-	<b>1,696.29</b>	-

On a standalone basis the Company's manufacturing and projects' business performance in Fiscal 2016(vis-a-vis Fiscal 2015) is summarized as follows;

- Total income increased by Rs. 5,241.09 Lakhs, or 12.42%, to Rs. 47,436.15 Lakhs in Fiscal 2016 from Rs. 42,195.06 Lakhs in Fiscal 2015, due to increase in sales volume of Projects Business.

## Management Discussion and Analysis (contd.)

- Net sales increased by Rs. 5,058.50 Lakhs, or 12.50%, to Rs. 45,535.02 Lakhs in Fiscal 2016 from Rs. 40,476.51 Lakhs in Fiscal 2015 due to increase in sales volume of Projects Business.  
Expressed as a percentage of total income, net sales remained flat at 95.99% in Fiscal 2016 versus 95.93% in Fiscal 2015.
- Net sales from manufacturing business increased by Rs. 316.80 Lakhs or 0.89%, to Rs. 35,925.91 Lakhs in Fiscal 2016 from Rs. 35,609.12 Lakhs in Fiscal 2015 & contributed 75.74% and 84.39% of our Total Income in Fiscal 2016 and 2015, respectively.
- Net sales from our Project Business increased by Rs. 4,741.71 Lakhs or 97.42%, to Rs. 9,609.10 Lakhs in Fiscal 2016 from Rs. 4,867.40 Lakhs in Fiscal 2015 as large part of sales was routed through our Branch office instead of the subsidiary company at Japan & contributed 20.26% and 11.54% of our Total Income in Fiscal 2016 and 2015, respectively.
- Other income increased by Rs. 182.59 Lakhs or 10.62%, to Rs. 1,901.13 Lakhs in Fiscal 2016 from Rs. 1,718.54 Lakhs in Fiscal 2015 due to increase in foreign exchange gain & contributed 4.01% and 4.07% of our total income in Fiscal 2016 and 2015 respectively. Interest from banks deposits decreased by Rs. 178.33 Lakhs, or 14.41%, to Rs. 1,059.26 Lakhs in Fiscal 2016 from Rs. 1,237.59 Lakhs in Fiscal 2015 due to deployment of funds for increased working capital in manufacturing business
- Total expenditure increased by Rs. 5,848.79 Lakhs or 14.66%, to Rs. 45,743.49 Lakhs in Fiscal 2016 from Rs. 39,894.70 Lakhs in Fiscal 2015.
  - Consumption of raw material, stores, spare parts and components expenses increased by Rs. 1,071.94 Lakhs, or 4.34%, to Rs. 25,761.06 Lakhs in Fiscal 2016 from Rs. 24,689.12 Lakhs in Fiscal 2015, primarily due to increase in sales of manufactured goods. Expressed as a percentage of total income, raw material consumed expenses increased to 54.31% in Fiscal 2016 from 58.51% in Fiscal 2015 due to increased volumes and change in product mix.
  - Purchases for Project Business increased by Rs. 2,409.69 Lakhs, or 78.15%, to Rs. 5,493.29 Lakhs in Fiscal 2016 from Rs. 3,083.60 Lakhs in Fiscal 2015. Expressed as a percentage of total income, purchases for Project Business increased to 11.58% in Fiscal 2016 from 7.31% in Fiscal 2015 due to increased business volumes.
  - Operating and other expenses increased by Rs. 2,220.68 Lakhs or 24.81% to Rs. 11,170.07 Lakhs in Fiscal 2016 from Rs. 8,949.39 Lakhs in Fiscal 2015. Expressed as a percentage of total income, operating and other expenses is 23.55% in Fiscal 2016 when compared to 21.21% in Fiscal 2015.
  - Power and fuel expenses decreased by Rs. 52.10 Lakhs, or 8.58%, to Rs. 555.25 Lakhs in Fiscal 2016 from Rs. 607.35 Lakhs in Fiscal 2015 on account of replacing DG Power with Grid Power.  
  
Personnel expenses through salaries, wages and bonuses increased by Rs. 713.75 Lakhs, or 21.20%, to Rs. 4,079.69 Lakhs in Fiscal 2016 from Rs. 3,365.94 Lakhs in Fiscal 2015 due to increase in number of employees and increase in salary of workmen.
- Welfare expenses increased by Rs. 278.19 Lakhs, or 20.88%, to Rs. 1,610.41 Lakhs in Fiscal 2016 from Rs. 1,332.22 Lakhs in Fiscal 2015 on account of increase due to inflation and number of people.
- Rent charges decreased by Rs. 31.08 Lakhs, or 22.22%, to Rs. 108.78 Lakhs in Fiscal 2016 from Rs. 139.87 Lakhs in Fiscal 2015 primarily due to termination of lease of office premises.
- Selling expenses increased by Rs. 507.38 Lakhs, or 84.12%, to Rs. 1,110.57 Lakhs in Fiscal 2016 from Rs. 603.19 Lakhs in Fiscal 2015, on account of increased business volumes.
- Vehicle Maintenance expenses decreased by Rs. 11.09 Lakhs, or 18.92%, to Rs. 47.55 Lakhs in Fiscal 2016 from Rs. 58.65 Lakhs in Fiscal 2015 on account of reduction of number of vehicles
- Insurance expenses decreased by Rs. 52.10 Lakhs, or 42.93%, to Rs. 69.27 Lakhs in Fiscal 2016 from Rs. 121.37 Lakhs in Fiscal 2015, on account of restructuring various individual policies
- The company has made provision for bad and doubtful debts during Fiscal 2016 to the tune of Rs. 511.22 Lakhs.
- Direction charges including other expenses decreased by Rs. 22.95 Lakhs, or 7.93%, to Rs. 312.24 Lakhs in Fiscal 2016 from Rs. 289.29 Lakhs in Fiscal 2015 due to lower profits.
- Manufacturing expenses increased by Rs. 41.81 Lakhs, or 28.99%, to Rs. 186.07 Lakhs in Fiscal 2016 from Rs. 144.25 Lakhs in Fiscal 2015.

- Interest and finance charges increased by Rs. 109.46 Lakhs, or 29.42%, to Rs. 481.45 Lakhs in Fiscal 2016 from Rs. 372.00 Lakhs in Fiscal 2015, due to higher utilization of working capital limits for few months during the year.
- Depreciation and amortization of technical know-how expense increased by Rs. 37.02 Lakhs, or 1.32%, to Rs. 2,837.62 Lakhs in Fiscal 2016 from Rs. 2,800.60 Lakhs in Fiscal 2015 on account of increased capitalization.
- Earnings Before interest, tax, depreciation & amortization (EBITDA) lower by 8.43% at Rs. 5,011.73 Lakhs as compared to Rs. 5,472.94 Lakhs in Fiscal 2015.
- Profit before tax and extraordinary items decreased by Rs. 607.70 Lakhs, or 26.42%, to Rs. 1,692.66 Lakhs in Fiscal 2016 from Rs. 2,300.36 Lakhs in Fiscal 2015.
- Profit after tax decreased by Rs. 198.41 Lakhs, or 11.70%, to Rs. 1,497.88 Lakhs in Fiscal 2016 from Rs. 1,696.29 Lakhs in Fiscal 2015.
- Capital expenditures represent the increase in the value of our fixed assets. Our capital expenditures in Fiscal 2016 and 2015 were Rs. 1,646.31 and Rs. 8,272.75 Lakhs, respectively. The capital expenditure was incurred primarily towards expanding our manufacturing facility for a new product range.
- Dividend declared is higher by 15% at Rs. 3.05 per share and the Dividend payout will account for 67.67 % excluding dividend distribution tax.

### 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 11, 2016

**K. G. Prabhakar**  
Director & CFO

**N. Srivatsa**  
Company Secretary

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## Annexure to the Directors' Report (contd.)

## 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 believe, 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 an Audit Committee, Stakeholders Relationship Committee and Nomination and Remuneration Committee.

## I. Board of Directors and Procedures

The composition of the Board of Directors as on March 31, 2016 comprised of seven Directors consisting of a Non- Executive Chairman, a Managing Director ("MD"), Whole time Director and four 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 &amp; Category of Directors, Attendance at Board Meetings &amp; Annual General Meeting, Membership of other Boards/Committees as on March 31, 2016

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	15	4	6
Mr. Nikhil Kumar	Managing Director	5	5	Yes	2	Nil	Nil
Ms. Nandita Lakshmanan	Independent Director	5	5	Yes	2	Nil	2
Dr. Arjun Kalyanpur	Independent Director	5	3	No	5	1	2
Mr. Nitin Bagamane	Independent Director	5	4	Yes	8	1	1
Mr. Ravi Kanth Mantha	Independent Director	5	5	Yes	6	Nil	1
Mr. K G Prabhakar	Executive Director	5	4	Yes	1	Nil	Nil

## Note

- \*As required by clause 26 of the LODR, disclosures includes chairpersonship and membership of the Audit Committee and the Stakeholders' Relationship Committee
- 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.
- 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 public limited Companies in which he/she is a Director.
- Mr. Nikhil Kumar was re-appointed as Managing Director with effect from January 17, 2016 for five years with the approval of shareholders at the 16th Annual General Meeting.
- Mr. K. G. Prabhakar was appointed as Whole time Director w.e.f May 20, 2015 and his appointment was approved at the 16th Annual General Meeting.
- None of the Directors had any relationship inter-se.
- Excepting Mr. Mohib N. Khericha who holds 1,846,860 Equity Shares, no other Non-Executive Director holds shares of the Company.

### Corporate Governance Report (contd.)

8. 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.
9. None of the Non-executive Directors held convertible instruments of the Company during the financial year ended 31st March 2016.

#### **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 20, 2015, August 06, 2015, September 23, 2015, November 06, 2015 and February 03, 2016. 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 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 Board appointed committees.
- Significant labor problems, if any, and their proposed solutions, wage agreements etc.
- Safety issues - fatal or serious accidents in the plants, dangerous occurrences, any material 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 Nonexecutive 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](http://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

#### **D. Disclosure regarding Appointment or Reappointment of a Director**

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

Mr. K. G. Prabhakar, aged 60 years, is a Chartered Accountant by qualification with over 35 years' experience. He is employed with the Company since 2001 with responsibilities of finance, accounts, taxation, HR and administration functions over the years and is the Chief Financial Officer of the Company. The services of Mr. K. G. Prabhakar, was extended up to June 27, 2018 consequent to his superannuation as of June 28, 2014, on terms of appointment (Letter dated October 19, 2001) and other terms including remuneration as per the current structure subject to such revisions approved by the management from time to time in terms of the Company's Policy. His current remuneration on cost to Company (CTC) basis is Rs. 4,800,000 per annum which includes basic salary, allowances and contribution to PF. In addition, he is

## Corporate Governance Report (contd.)

also eligible for Gratuity and encashment of unutilized leave as per Company's policy.

Mr. K. G. Prabhakar holds 4,500 equity shares of the Company being 0.01% of paid up capital. Post appointment in May 2015, he has attended four board meeting of the Company.

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

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 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. He does not hold directorship and membership in any other listed Company. He does not have any relationship inter-se between other directors.

### **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 03, 2016 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](http://www.tdps.co.in).
6. None of the Independent Directors are due for re-appointment.

### **F. Familiarisation 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 shall be 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 shall be provided.
  - 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
 

The Company shall on an annual basis 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 shall also be 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](http://www.tdps.co.in).

### **G. Performance Evaluation**

The criteria for performance evaluation cover 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 had not participated.

### **H. Board Evaluation**

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandates that the board shall monitor and review the Board evaluation framework. The framework includes the evaluation of Directors on various parameters such as:

- Board dynamics parameters

### Corporate Governance Report (contd.)

- Information flow
- Decision - making
- Relationship with stakeholders
- Company performance and strategy

The Companies Act, 2013 states that a formal annual evaluation needs to be made by the board of its own performance and that of its committees and individual directors. Schedule IV of the Companies Act, 2013 states that the performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding the Director being evaluated.

The evaluation of the directors and the Board as a whole was conducted based on the criteria and framework formulated by the Nomination and Remuneration Committee.

One of the key functions of the Board is to monitor and review 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 through a peer evaluation. 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 members 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 committee. Feedback on each director is encouraged. The evaluation process for fiscal 2016 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.
- 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.

#### I. 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 2016 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 remuneration of the Managing Director and Whole Time Director is governed by the agreement between the Company and Executive Directors which has been approved by the Board of Directors and the shareholders. The appointment of Mr. Nikhil Kumar, Managing Director is for a period of five years commencing from January 17, 2016 as provided in the service agreement with the Managing Director and appointment of Mr. K. G. Prabhakar, Whole Time Director is for period of three years up to June 2018. The remuneration broadly comprises fixed component i.e. salary, allowances, perquisites and other benefits and a variable component in the form of commission on the profits of the Company.
4. Stock options- Nil

#### J. 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)

## Corporate Governance Report (contd.)

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.
- 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 NRC. 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”) consists of four Independent Directors and a non-Independent Director. Mr. Nitin Bagamane, Independent Director is the chairman and Dr. Arjun Kalyanpur, Ms. Nandita Lakshmanan, 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.

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

The Chairman of the Audit Committee Mr. Nitin Bagamane attended the 16th Annual General Meeting held on Tuesday, September 23, 2015.



**Corporate Governance Report (contd.)**

The Audit Committee met five (5) times during the financial year ended March 31, 2016 on April 01, 2015 May 20, 2015, August 06, 2015, November 06, 2015 and February 03, 2016. Particulars of attendance by the members of the Committee during the year ended March 31, 2015 are as follows.

<b>Date of meeting</b>	<b>Members Present</b>
April 01, 2015	Mr. Nitin Bagamane and Ms. Nandita Lakshmanan
May 20, 2015	Mr. Mohib N. Khericha, Mr. Ravi Kanth Mantha, Dr. Arjun Kalyanpur and Ms. Nandita Lakshmanan
August 06, 2015	Mr. Nitin Bagamane, Mr. Mohib N. Khericha, Mr. Ravi Kanth Mantha and Ms. Nandita Lakshmanan
November 06, 2015	Mr. Nitin Bagamane, Mr. Mohib N. Khericha, Mr. Ravi Kanth Mantha, Dr. Arjun Kalyanpur and Ms. Nandita Lakshmanan
February 03, 2016	Mr. Nitin Bagamane, Mr. Mohib N. Khericha, Mr. Ravi Kanth Mantha, Dr. Arjun Kalyanpur and Ms. Nandita Lakshmanan

The Company Secretary is the Secretary of the 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.

All the 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 LODR 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") consists of Dr. Arjun Kalyanpur Independent Director is the Chairman of the Committee and Ms. Nandita Lakshmanan and Mr. Mohib N. Khericha are the members of the Committee.

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

During the financial year 2015-2016, three meetings were held on May 20, 2015, August 06, 2015 and February 03, 2016.

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 LODR 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 of 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

## Corporate Governance Report (contd.)

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") consists of Mr. Mohib N. Khericha, Non-Executive Director - the Chairman, Dr. Arjun Kalyanpur and Ms. Nandita Lakshmanan - Independent Directors are the members of the committee.

The Company Secretary is the Secretary of the Stakeholders' Relationship Committee.

During the financial year ended March 31, 2016, no complaints have been received from the shareholders or pending resolution. The Committee has not met during financial year ended March 31, 2016.

Role of the Stakeholders' Relationship Committee covers the areas as contemplated under Regulation 20 and Part D of the Schedule II of the LODR.

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

### 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 four Wholly Owned Subsidiaries (WOS) one Indian and three overseas as detailed below:

### Indian Subsidiary

DF Power Systems Private Limited (DFPS) is a material non-Listed Indian Subsidiary. Mr. Nitin Bagamane and Mr. Ravi Kanth Mantha, Independent Directors of the Company have been appointed as 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.

### 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. Two Directors of the Company 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

## Corporate Governance Report (contd.)

he company is located in Tokyo, Japan. Mr. Mohib N. Khericha, Mr. Nikhil Kumar and Ms. Nandita Lakshmanan, Directors of the company 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

Company acquired Platin1255. GmbH, a German company on January 13, 2016. Subsequently the name of Platin 1255. GmbH has been changed to 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 and Mr. Roeland Nollen are 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.

None of these subsidiaries are a 'material non-listed Indian subsidiary', whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the holding company and its subsidiaries, in the immediately preceding accounting year.

The Company has formulated a policy on determining material subsidiaries which is available on our website [www.tdps.co.in](http://www.tdps.co.in).

## IV. Related party transaction

During the year 2015-16, 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 also available on the website of the Company - web link: [www.tdps.co.in](http://www.tdps.co.in)

Details of transactions with related parties are provided in Annexure 3 of the Directors Report in Form AOC II as required under the provisions of Section 188 of the Companies Act, 2013 and note No. 31 to the Annual Accounts.

## V. General Body Meetings

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

Financial Year Ended	Date & Time	Venue	Special Resolutions passed
March 31, 2013	September 20, 2013 11.00 AM	The Chancery Pavilion, 135, Residency Road, Bangalore - 560 025	Nil
March 31, 2014	August 12, 2014 10.30 AM	The Chancery Pavilion, 135, Residency Road, Bangalore - 560 025	Increase the FII Limits. Borrowing Powers to the Board of Directors
March 31, 2015	September 23, 2015 10.30 AM	Hotel Le Meridien, No. 28, Sankey Road (Opp Bangalore Golf Course), Bangalore 560 052	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](http://www.tdps.co.in). Along with the financial results, other information as per the Listing Agreement/ SEBI (Listing Obligations and Disclosure 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

## Corporate Governance Report (contd.)

companies website [www.tdps.co.in](http://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 uploading the same on the website of the Company [www.tdps.co.in](http://www.tdps.co.in)

### VII. General Shareholder Information

#### a. Annual General Meeting

Day, Date and Time : September 22, 2016 at 10.30 AM, Thursday  
 Venue : Hotel Le Meridien, 28 Sankey Road, P B No. 174 Opposite to  
 Bangalore Golf Club, Bangalore 560 052, India

#### b. Financial Year

A twelve-month period starting from April 1, 2015 to March 31, 2016.

#### 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 remain closed from September 16, 2016 to September 22, 2016 (both days inclusive) for the purpose of Annual General Meeting.

#### e. Listing on Stock Exchanges and Stock Code

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

Stock codes are as follows:

BSE Limited, P J Towers, Dalal Street, Mumbai 400 001	533553
National Stock Exchange of India Limited, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051 ISIN No.	TDPOWERSYS INE419M01019

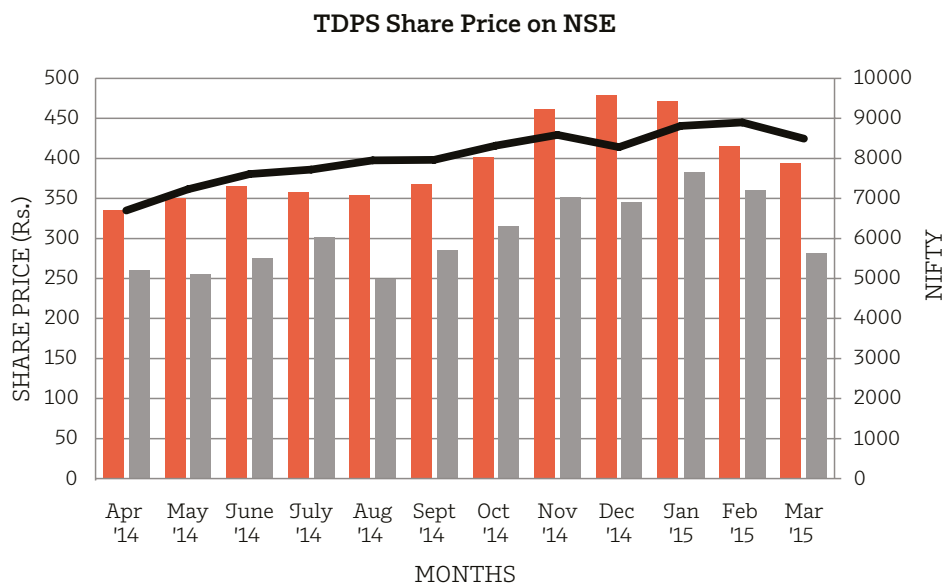
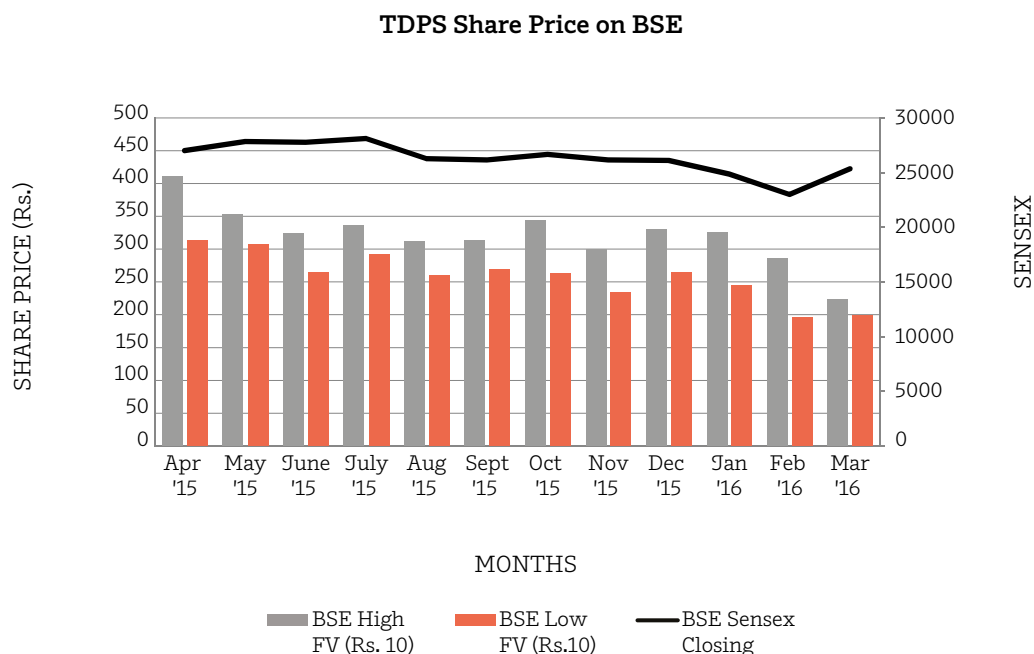
#### f. Market Price Data: High, Low, close, volume during each month in last financial year

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

Months	On BSE				On NSE			
	High (Rs.)	Low (Rs.)	Close (Rs.)	Volume	High (Rs.)	Low (Rs.)	Close (Rs.)	Volume
Apr-15	412	315	329	202220	414	318	327.95	547051
May-15	353.7	308	312.8	56922	348	303.6	314.8	307717
Jun-15	324.8	265.6	308.5	187358	328.95	263.1	308.25	417567
Jul-15	337.9	292	298.5	112982	339.9	291	296.95	366234
Aug-15	312.5	261	290.2	321188	310	260	292.75	526624
Sep-15	315	270	298.9	42669	319.9	270	300.85	173,430
Oct-15	344	263.4	265.8	647189	306	263	265.2	935985
Nov-15	299.9	235	275.3	67399	294	246.95	279.9	382112
Dec-15	330.8	265.1	308	811691	330	265	305.9	2280645
Jan-16	326	246.4	274.1	85975	324	245.55	277.5	325,602
Feb-16	286	196.8	200.6	80628	287	196	199	275966
Mar-16	224	199.0	208.40	90850	227.95	195.10	208.95	326361

Corporate Governance Report (contd.)

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



h. Registrar and Transfer Agents (RTA)

**Link Intime India Private Limited**

C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West)

Mumbai - 400 078

Telephone No. 022- 25963838

i. 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 dematerialisation 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.

## Corporate Governance Report (contd.)

## j. Distribution of shareholding as on March 31, 2016

Shareholding of Nominal Shares	Shareholders	% to Total Shareholders	Total Shares	% of Paid up Capital
1 to 500	4746	84.89	465994	1.40
501 to 1000	500	8.94	360319	1.09
1001 to 2000	159	2.84	230058	0.69
2001 to 3000	45	0.81	110235	0.33
3001 to 4000	22	0.39	77182	0.23
4001 to 5000	18	0.32	83447	0.25
5001 to 10000	33	0.59	238217	0.72
Above 10000	68	1.22	31672136	95.29
<b>Total</b>	<b>5591</b>	<b>100.00</b>	<b>33237588</b>	<b>100.00</b>

**Note:** The above statement of distribution of shareholding as on 31.03.2016 is as provided by the Registrar & Share Transfer Agents, Link Intime India Private Limited.

## k. Dematerialisation of Shares and Liquidity as on March 31, 2016

Description	No. of Holder	No. of Shares	% of Equity
Physical	2	876,272	2.64
NSDL	3229	24,308,031	73.13
CDSL	2360	8,053,285	24.23
<b>Total</b>	<b>5591</b>	<b>33,237,588</b>	<b>100.00</b>

## l. Shareholding pattern as on March 31, 2016

Sl. No.	Category	Number of Shares	% of Holding
<b>(A)</b>	<b>Promoters &amp; Promoters Group</b>		
1	Promoters		
(1a)	Individual (Indian Nationals)	6485524	19.51
(1b)	Individual (Foreign National)	3235254	9.73
(1c)	Body Corporate	5026433	15.12
2	Promoters Group	3218352	9.68
	<b>Total (A1 + A2)</b>	<b>17965563</b>	<b>54.05</b>
<b>(B)</b>	<b>Public Shareholding</b>		
1	Mutual Funds	6850257	20.61
2	Foreign portfolio Investors	3733260	11.23
3	Financial Institutions / Banks	5612	0.02
4	Individuals	2120204	6.38
5	Others	2562692	7.71
	<b>Total B</b>	<b>15272025</b>	<b>45.95</b>
	<b>Grand Total (A + B)</b>	<b>33237588</b>	<b>100.00</b>

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

No outstanding GDRs/ADRs/Warrants or any Convertible instruments

## n. Commodity price risk or Foreign exchange risk and hedging activities - Nil

Corporate Governance Report (contd.)

**o. Registered Office & Factory**

Unit I:

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

Unit II:

Sy. No. 59/2, Yedehalli Village  
Nelamangala Taluk, Sompura Hobli  
Dabaspet, Bangalore, Karnataka - 562111

**p. Compliance Officer**

**N. Srivatsa**

Company Secretary & Compliance Officer

**q. 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  
Dabaspet, Nelamangala Taluk  
Bangalore, Karnataka - 562 111  
Ph.: + 091-080-2299 5700  
Fax: 091-080-2299 5718

**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. 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, 2016. The said certificate forms part of this report.

**3. Compliance certificate from Practicing Company Secretary**

As required by schedule V of the SEBI (Listing Obligations and 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.

**4. Accounting treatment in preparation of Financial Statements**

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.

**5. 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](http://www.tdps.co.in).

## Corporate Governance Report (contd.)

### 6. Management Discussion and Analysis Report

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

### 7. 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 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 and 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 LODR and Section 177 of the Companies Act, 2013.

The above policy is available on our website [www.tdps.co.in](http://www.tdps.co.in).

### 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 our website [www.tdps.co.in](http://www.tdps.co.in)

### 9. E-Voting

In compliance of the Companies Act, 2013 and Regulation 44 of LODR 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.

### 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 under schedule V of LODR

### 11. Discretionary Requirements

The status of adoption of the discretionary requirements as specified in sub regulation 1 of Regulation 27 of the Listing Regulations are as follows:



Corporate Governance Report (contd.)

- 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 during the financial year 2015-16.

**12. Information through Company's Website**

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

**13. Listing Agreement**

Securities and Exchange Board of India (SEBI) on September 02, 2015, issued SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The said Regulation were effective December 1, 2015. Accordingly, all listed entities were required to enter into the Listing Agreement within six months from the effective date. The company entered into Listing Agreement with BSE Limited and National Stock Exchange of India Limited during November 2015.

For and on behalf of the Board of Directors

**Mohib N. Khericha**  
Chairman

**Nikhil Kumar**  
Managing Director

Bangalore  
May 11, 2016

**K. G. Prabhakar**  
Director & CFO

**N. Srivatsa**  
Company Secretary

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## Corporate Governance Report (contd.)

### 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

Dabaspeta, 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, 2016 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 listed entity'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
  1. That there have been no significant changes in internal control over financial reporting during the year;
  2. That there have been no significant changes in accounting policies during the year needing specific disclosure in the notes to the financial statements; and
  3. The 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 listed entity's internal control system over financial reporting is involved therein.

Bangalore  
May 11, 2016

**Nikhil Kumar**  
Managing Director

**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 the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is hereby certified that, for the year ended March 31, 2016, 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 11, 2016

**Nikhil Kumar**  
Managing Director

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## Corporate Governance Report (contd.)

### Certificate on Corporate Governance

To  
The Members,  
**TD Power Systems Limited**  
Bangalore

I have examined the compliance of conditions of corporate governance by TD Power Systems Limited (the Company) for the year ended on March 31, 2016, as stipulated In Clause 49 of the Listing Agreement then in force, for the period April 01, 2015 to November 30, 2015 and Securities and Exchange Board India (Listing Obligations and Disclosure Requirements) Regulations, 2015 from December 01, 2015 to March 31, 2016 of the Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. My examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of 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 Listing Agreement/ Regulations.

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 09, 2016

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

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## STANDALONE FINANCIAL STATEMENTS

**INDEPENDENT AUDITORS' REPORT  
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 March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information, in which are incorporated the Returns for the year ended on that date audited by the branch auditors of the Company's branch at Japan.

**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 of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these 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 in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the 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 March 31, 2016, and its profit and its cash flows for the year ended on that date.

**Other Matter**

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. 536,716,932/- as at 31st March, 2016 and total revenues of Rs. 398,417,427/- for the year ended on that date, as considered in the standalone financial statements. The financial statements of the branch has been audited by the branch auditors whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of the branch, is based solely on the report of such branch auditors

## Independent Auditors' Report (contd.)

Our opinion is not modified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Sub-Section(11) of Section 143 of the Act, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by the Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
  - c. The reports on the accounts of the branch offices of the Company audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.
  - d. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from the branch not visited by us.
  - e. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - f. On the basis of the written representations received from the directors as on March 31, 2016 taken on the record by the Board of Directors, none of the directors is disqualified as on that date from being appointed as a director in terms of Section 164(2) of the Act.
  - g. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in annexure B. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - h. With respect to other matters to be included in the Auditors report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us,
    - i. The Company does not have any pending litigations which would impact its financial position; - Refer Note 37(a) to the financial statements.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses – Refer Note 37(b) to the financial statements.
    - iii. There were no amounts outstanding as on March 31, 2016 which were required to be transferred to the Investor Education and Protection Fund by the Company. - Refer Note 37(c) to the financial statements.

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

Bangalore  
May 11, 2016

**R. SATYANARAYANA MURTHI**  
Partner  
Membership No. 024248



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

- i.
  - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b. The management during the year has physically verified all the fixed assets. We have been informed by the management that no material discrepancies were observed.
  - c. According to the information and explanations given to us, the title deeds of immovable properties are held in the name of the Company.
- ii. Inventories have been physically verified during the year by the management. We have been informed by the management that no material discrepancies were observed.
- iii. According to the information and explanations given to us, the Company has granted unsecured loans to its foreign subsidiaries.
  - a. According to the information and explanations given to us, the terms and conditions of the above loans are not prejudicial to the interests of the Company.
  - b. We have been informed that the schedule of repayment of principal and payment of interest has been stipulated and the same are being followed regularly.
  - c. According to the information and explanations given to us, no amount is overdue to be received from the subsidiary.
- iv. The Company has not given any loans, guarantees or securities to directors during the year and accordingly the provisions of sections 185 of the Act are not applicable. In respect of loans given to foreign subsidiary, the provisions of section 186 of the Act have been complied with.
- v. In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Accordingly, the provisions of paragraph 3(v) of the Order is not applicable.
- vi. To the best of our knowledge and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of Sub-Section (1) of Section 148 of the Act for the products of the company. Accordingly, the provisions of clause 3(vi) of the said Order are not applicable.
- vii. According to the information and explanations given to us and the records of the Company examined by us, the Company is generally regular in depositing undisputed statutory dues applicable to it with the appropriate authorities. In terms of its books of account, no undisputed statutory dues payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, customs duty, excise duty, value added tax, cess and any other statutory dues were outstanding, as at March 31, 2016 for a period of more than six months from the date they became payable.

According to the records of the Company and according to the information and explanations given to us, there were no dues outstanding on account of income tax, service tax, sales tax, customs duty, excise duty on account of dispute.
- viii. According to the information and explanations given to us, the Company has not taken any term loans from financial institution, banks, Government or issued debentures, hence provisions of clause 3 (viii) of the Order is not applicable.
- ix. The Company has not raised any money during the year by way of initial public offer or further public offer or by way of term loans. Accordingly, the provisions of paragraph 3(ix) of the Order is not applicable.
- x. According to the information and explanations given to us, no fraud by/on the Company by its officers and employees has been noticed or reported during the year.
- xi. According to the information and explanations given to us, managerial remuneration has been provided in accordance with the approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. The Company is not a Nidhi company and accordingly, provisions of paragraph 3(xii) of the Order is not applicable.

## Annexure to Auditors' Report (contd.)

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

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

**R. SATYANARAYANA MURTHI**  
Partner  
Membership No. 024248

Bangalore  
May 11, 2016

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

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

We have audited the internal financial controls over financial reporting of TD Power Systems Limited (“the Company”) as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

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

#### **Auditors’ Responsibility**

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

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

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

#### **Meaning of Internal Financial Controls over Financial Reporting**

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

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

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

Bangalore  
May 11, 2016

**R. SATYANARAYANA MURTHI**  
Partner  
Membership No. 024248

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BALANCE SHEET AS AT MARCH 31, 2016

	Note	Rs.	As at 31.03.2016	As at 31.03.2015
			Rs.	Rs.
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders' Funds</b>				
Share Capital	2	332,375,880		332,375,880
Reserves and Surplus	3	4,608,213,607		4,580,437,526
			4,940,589,487	4,912,813,406
<b>Non-current liabilities</b>				
Deferred tax liabilities (Net)	4	154,413,036		181,435,125
Long term provisions	5	37,524,421		28,377,600
			191,937,457	209,812,725
<b>Current Liabilities</b>				
Short term borrowings	6	276,415,453		573,513,883
Trade payables	7			-
- Total outstanding due of MSME		7,367,652		8,058,479
- Total outstanding due of Creditors other than MSME		1,095,736,044		1,108,728,906
Other current liabilities	8	896,502,619		753,355,060
Short term provisions	9	151,472,149		130,932,801
			2,427,493,917	2,574,589,129
<b>Total</b>			<b>7,560,020,861</b>	<b>7,697,215,260</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Fixed Assets				
Tangible assets	10	2,535,953,143		2,644,889,874
Intangible assets	10	36,946,713		49,262,289
Capital work in progress	11	6,625,500		95,754
		2,579,525,356		2,694,247,917
Non-current investments	12	277,630,320		264,547,495
Long term loans and advances	13	238,753,353		353,072,489
			3,095,909,029	3,311,867,901
<b>Current Assets</b>				
Inventories	14	803,304,237		760,208,744
Trade receivables	15	1,337,476,664		1,140,920,145
Cash and Bank Balance	16	1,921,932,833		1,920,809,307
Short term loans and advances	17	401,398,098		563,409,163
			4,464,111,832	4,385,347,359
<b>Total</b>			<b>7,560,020,861</b>	<b>7,697,215,260</b>
Summary of Accounting Policies, other explanatory information & Notes attached form an integral part of the Balance Sheet	1-37			

In Accordance with our Report attached

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

Chartered Accountants

Firm Registration No. 002878S/S200021

**R. Satyanarayana Murthi**

Partner - M. No. 024248

Bangalore

May 11, 2016

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

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

		Year Ended 31.03.2016		Year Ended 31.03.2015	
	Note	Rs.	Rs.	Rs.	Rs.
<b>INCOME</b>					
Revenue from Operations	19		4,553,501,728		4,047,651,364
Other Income	20		190,113,403		171,854,404
<b>Total Revenue</b>			<b>4,743,615,131</b>		<b>4,219,505,768</b>
<b>EXPENSES</b>					
Cost of materials consumed	21	2,485,097,267		2,352,253,129	
Purchases for Project Business		549,328,726		308,359,626	
Changes in inventories of finished goods, work in progress and stock in trade	22	91,008,926		116,659,014	
			3,125,434,919		2,777,271,769
Employee benefits expense	23		592,880,426		490,783,397
Finance costs	24		48,145,022		37,199,505
Depreciation and amortization expense	25		283,761,878		280,060,268
Other expenses	26		524,126,759		404,155,332
<b>Total Expenses</b>			<b>4,574,349,004</b>		<b>3,989,470,271</b>
<b>Profit before tax</b>			<b>169,266,127</b>		<b>230,035,497</b>
Tax expense					
Current tax ( MAT)		66,500,000		49,181,777	
Less: MAT Credit Entitlement		20,000,000		20,000,000	
Net Current Tax		46,500,000		29,181,777	
Deferred tax		(27,022,089)		31,225,096	
			19,477,911		60,406,873
<b>Profit/(Loss) for the Year</b>			<b>149,788,216</b>		<b>169,628,624</b>
Earning per equity share	28				
Basic & Diluted			4.51		5.10
Summary of Accounting Policies, other explanatory information & Notes attached form an integral part of the Statement of Profit & Loss	1-37				

In Accordance with our Report attached

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

**R. Satyanarayana Murthi**  
Partner - M. No. 024248

Bangalore  
May 11, 2016

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

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH 2016

	Rs.	Current Year Rs.	Rs.	Previous Year Rs.
<b>A Cash flow from operating activities</b>				
<b>Net Profit before tax and extraordinary items</b>		<b>169,266,127</b>		<b>230,035,497</b>
Adjustments for				
Depreciation	271,446,302		267,744,692	
Amortisation	12,315,576		12,315,576	
(Profit) / Loss on sale of Fixed Asset	(1,416,635)		(469,677)	
Dividend Income	(6,000)		(6,000)	
Interest Income	(105,926,005)		(123,758,740)	
Interest Payments	48,145,022		37,199,505	
Provision no longer required	-		(35,717,451)	
Provision for Warranty Claims	3,094,316		(1,075,010)	
Provision for Doubtful Debts	51,121,835		-	
Provision for Gratuity & Leave Encashment	32,758,139	311,532,550	23,393,455	179,626,350
<b>Operating profit before Working Capital Changes</b>		<b>480,798,677</b>		<b>409,661,847</b>
<b>Adjustments for</b>				
Trade Receivables	(247,678,355)		179,073,446	
Other Receivables	145,997,307		(97,885,809)	
Inventories	(43,095,493)		102,764,896	
Trade Payables	91,559,165	(53,217,376)	152,286,878	336,239,411
<b>Cash generated from Operations</b>		<b>427,581,301</b>		<b>745,901,258</b>
Refund of Income Tax	(100,359,854)		-	
Direct Taxes Paid	26,011,414	(74,348,440)	42,090,950	42,090,950
<b>Net Cash Flow from Operating Activities</b>		<b>501,929,741</b>		<b>703,810,308</b>
<b>B Cash flow from Investing Activities</b>				
Purchase of Fixed Assets	(171,160,280)		(225,619,156)	
Purchase of Investments	(13,082,825)		-	
Sale of Fixed Asset / Purchase of Investments	10,836,033		10,478,331	
Dividend Received	6,000		6,000	
Interest Received	123,751,711		115,714,588	
<b>Net Cash used in investing activities</b>		<b>(49,649,361)</b>		<b>(99,420,236)</b>
<b>C Cash flow from financing activities</b>				
Refund on Income Tax			62,858,020	
Working Capital borrowings	(297,098,430)		(24,447,871)	
Interest Paid	(48,145,022)		(37,199,505)	
Dividend and Tax on Dividend paid	(105,913,403)		(89,438,527)	
<b>Net Cash flow from financing activities</b>		<b>(451,156,855)</b>		<b>(88,227,883)</b>
<b>Net increase/decrease in cash &amp; cash equivalents</b>		<b>1,123,525</b>		<b>516,162,189</b>
<b>Cash and cash equivalents at the beginning</b>		<b>1,920,809,307</b>		<b>1,404,647,118</b>
<b>Cash and cash equivalents at close</b>		<b>1,921,932,832</b>		<b>1,920,809,307</b>
Actual Closing Cash Balance		1,921,932,832		1,920,809,307
Add : Non-Cash Equivalents				
<b>Cash and cash equivalents at Close</b>		<b>1,921,932,832</b>		<b>1,920,809,307</b>

**Note**

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

As per our report of even date

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

**R. Satyanarayana Murthi**  
Partner - M. No. 024248

Bangalore  
May 11, 2016

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

## SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2016

### 1 Significant Accounting Policies

Consequent to a Special Resolution of the Members, passed at the Company's Extra Ordinary General Meeting held on 17th January 2011, the Company is converted to a Public Limited Company by altering its Articles of Association in terms of Section 31 read with Section 44 of the Companies Act 1956, and a fresh Certificate of Incorporation dated 04th February 2011 is issued by the Registrar of Companies, Karnataka.

The company's subscription to the Share Capital of its Wholly Owned Subsidiaries reflected as trade investments as on 31st March 2016 ar as follows:

- a. 80,100 Equity Shares of USD 10- each - TD Power Systems (USA) Inc.
- b. 2000 Equity Share of JPY 10,000 each - TD Power Systems Japan Limited
- c. 175,000 \* Equity Share of Euro 1 each - TD Power Systems Europe GmbH  
(\* erstwhile Platin 1255 GmbH acquired by the company in January 2016)

#### 1.1 Basis of Preparation of Financial Statements

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

#### 1.2 Fixed Assets

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

#### 1.3 Inventories

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

#### 1.4 Depreciation

Depreciation on tangible assets is provided with reference to the estimated useful life of the fixed assets less its residual value as prescribed under Schedule II of The Companies Act 2013, or actual useful life of the asset, whichever is lower. Fixed assets costing below Rs. 5,000/- are depreciated fully. Depreciation is charged for complete quarter on addition / deletion.

#### 1.5 Revenue Recognition

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

#### 1.6 Foreign currency transactions

- a. Foreign currency transactions are translated into Indian rupees at the exchange rate prevailing on the date of the transaction.
- b. Monetary foreign currency assets and liabilities outstanding at the end of the year are restated at the exchange rates prevailing on the reporting date. All exchange differences are accounted for in the Statement of Profit and Loss.
- c. Non monetary items denominated in foreign currency, are valued at the exchange rate prevailing on the date of transaction
- d. In respect of overseas branches, which are integral foreign operations, financial statements are translated as if the transactions are those of the Company itself.

#### 1.7 Taxes on Income

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



### Summary of Accounting Policies and Other Explanatory Information (contd.)

Minimum Alternate Tax (MAT) under the provisions of Income Tax Act, 1961, is recognised as current tax in the statement of Profit & Loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal Income Tax during the period for which MAT Credit can be carried forward for set-off against the normal tax liability. MAT Credit recognised as an asset is reviewed at each Balance Sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

#### 1.8 Borrowing Cost

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

#### 1.9 Contingent Liabilities

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

#### 1.10 Employees Benefits

Long Term Employee Benefits

##### a. Defined Contribution Plans

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

##### b. Defined Benefit Plans

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

#### 1.11 Impairment of Assets

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

#### 1.12 Accounting for Lease

##### i. Operating Lease

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

##### ii. Finance Lease and Hire purchase transactions

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

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

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

#### 1.14 Investment

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

#### 1.15 Research & Development

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

Capital Expenditure is categorised and disclosed separately as Research & Development, Fixed Asset and depreciation is charged as prescribed under Companies Act, 2013 discussed in para 1.4 above.

## Notes on Financial Statement for the year ended March 31, 2016

**2. SHARE CAPITAL****Authorized**

Equity shares of Rs. 10/- each

	As at 31.03.2016		As at 31.03.2015	
	Number	Rs.	Number	Rs.
	35,000,000	350,000,000	35,000,000	350,000,000
		<u>350,000,000</u>		<u>350,000,000</u>
<b>Issued, subscribed and fully paid up</b>				
Equity shares of Rs. 10/- each - fully paid up				
At the beginning of the year	33,237,588	332,375,880	33,237,588	332,375,880
Issued during the year	-	-	-	-
At the close of the year	33,237,588	<b>332,375,880</b>	33,237,588	<b>332,375,880</b>

**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.

For the period ended 31st March 2016 (31 March 2015, Rs. 2.645), a dividend per share of Rs. 3.05/- has been provided for payment to shareholders subject to approval at the Annual General Meeting of the Company.

**II Equity shares include**

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

b Shares allotted by way of bonus shares.

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

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

	As at 31.03.2016		As at 31.03.2015	
	Percentage	No. of shares	Percentage	No. of shares
Saphire Finman Services LLP (Saphire Finman Services Private Limited)	15.12%	5,026,433	15.12%	5,026,433
Nikhil Kumar	13.96%	4,638,664	13.96%	4,638,664
Hitoshi Matsuo	9.73%	3,235,254	9.73%	3,235,254
Sofia M Khericha	6.27%	2,084,100	6.27%	2,084,100
Mohib N Khericha	5.56%	1,846,860	5.56%	1,846,860

Notes on Financial Statement for the year ended March 31, 2016 (contd.)

	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
<b>3. RESERVES AND SURPLUS</b>		
<b>Securities Premium</b>		
As at the beginning of the year	2,207,588,239	2,207,588,239
As at the end of the year <b>(A)</b>	2,207,588,239	2,207,588,239
<b>General Reserve</b>		
As at the beginning of the year <b>(B)</b>	281,686,558	261,601,186
Add		
Transferred from Statement of Profit and Loss	12,276,613	20,085,372
As at the end of the year	293,963,171	281,686,558
<b>Surplus i.e. balance in Statement of Profit &amp; Loss</b>		
As at the beginning of the year	2,091,162,729	2,062,758,402
Add		
Transferred from Statement of Profit and Loss	149,788,216	169,628,625
Less		
Depreciation on Opening Balance	-	15,225,523
Transferred to General Reserve	12,276,613	20,085,372
Proposed dividend	101,374,643	88,049,526
Provision towards dividend distribution tax	20,637,492	17,863,877
As at the end of the year <b>(C)</b>	2,106,662,197	2,091,162,729
<b>Total (A to C)</b>	<b>4,608,213,607</b>	<b>4,580,437,526</b>
<b>4. DEFERRED TAX LIABILITY</b>		
<b>Deferred tax liability</b>		
On account of depreciation on fixed assets	187,262,069	192,754,645
<b>Deferred tax asset</b>		
On account of timing differences in recognition of expenditure	32,849,033	11,319,520
<b>Net Deferred tax liability/(asset)</b>	<b>154,413,036</b>	<b>181,435,125</b>
<b>5. LONG TERM PROVISIONS</b>		
Provisions for employee benefits - Leave Encashment	37,524,421	28,377,600
<b>Total</b>	<b>37,524,421</b>	<b>28,377,600</b>
<b>6. SHORT TERM BORROWINGS</b>		
<b>Secured Loans</b>		
Loans repayable on demand - from banks	276,415,453	573,513,883
<b>Total</b>	<b>276,415,453</b>	<b>573,513,883</b>

## Notes on Financial Statement for the year ended March 31, 2016 (contd.)

	As at 31.03.2016	As at 31.03.2015
	Rs.	Rs.
<b>Short Term Borrowings (contd.)</b>		
<b>Additional Information</b>		
Details of security for secured loans		
- Balance of Working Capital Loan from M/s. Bank of Baroda as on reporting date - Secured by Hypothecation of Raw Materials, Goods-in-process, Finished Goods and Book Debts and a charge on Fixed assets of the Company located at Unit I and Select Assets located on 4.33 acres of land on survey no. 59/2 at Unit II.	276,415,453	573,513,883
Loans repayable on demand		
Terms of repayment of secured loans - from banks	276,415,453	573,513,883
Interest at 2% over base rate (floating)		
<b>7. TRADE PAYABLES</b>		
To Micro, Small and Medium Enterprises	7,367,652	8,058,479
Others	1,095,736,044	1,108,728,906
<b>Total</b>	<b>1,103,103,696</b>	<b>1,116,787,385</b>
<b>Additional Information</b>		
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	7,367,652	8,058,479
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	312,300	72,096,756
5. Interest due and payable for the period of delay other than (3) above	3,105	3,590,341
6. Interest accrued and remaining unpaid	3,105	3,590,341
7. Amount of further interest remaining due and payable in succeeding years	22,196,531	22,193,426
<b>8. OTHER CURRENT LIABILITIES</b>		
Provision for taxation	37,904,705	-
Unclaimed Dividends	86,004	8,226
Outstanding Liabilities	362,435,781	230,506,382
Duties and taxes payable	13,092,460	20,403,108
Trade advance received from customers	292,762,911	470,985,040
Earnest Money Deposit	215,000	215,000
Other liabilities	190,005,758	31,237,304
<b>Total</b>	<b>896,502,619</b>	<b>753,355,060</b>

Notes on Financial Statement for the year ended March 31, 2016 (contd.)

**9. SHORT TERM PROVISIONS**

Provision for warranties	
Provisions for employee benefits - Leave Encashment	
Proposed dividend (including dividend distribution tax)	
<b>Total</b>	

As at 31.03.2016	As at 31.03.2015
Rs.	Rs.
23,188,814	20,094,498
6,271,200	4,924,900
122,012,135	105,913,403
<b>151,472,149</b>	<b>130,932,801</b>

**10. FIXED ASSETS**

(Amt in Rs.)

Particulars	Gross Block (At Cost)				Depreciation				Net Block	
	As at 01.04.2015	Additions during the year	Deductions during the year	As at 31.03.2016	As at 01.04.2015	For the year	Deductions during the year	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015
<b>Tangible Assets</b>										
Free Hold Land	264,449,392	-	-	264,449,392	-	-	-	-	264,449,392	264,449,392
Lease Hold Land	-	-	-	-	-	-	-	-	-	-
Buildings	1,106,805,984	6,127,781	-	1,112,933,765	125,232,835	37,245,264	-	162,478,099	950,455,666	981,573,149
Plant & Machinery (*)	1,816,465,396	154,847,702	3,243,173	1,968,069,925	609,382,665	201,005,379	2,678,849	807,709,195	1,160,360,730	1,207,082,731
Office Equipments	29,120,893	599,941	118,016	29,602,817	13,625,546	4,041,166	81,432	17,585,280	12,017,537	15,495,347
Furniture & Fixtures	35,703,535	735,943	1,307,094	35,132,383	14,499,568	3,416,382	1,120,971	16,794,979	18,337,404	21,203,967
Computers	49,144,761	2,306,781	2,004,210	49,447,332	38,159,338	4,834,763	1,994,196	40,999,905	8,447,427	10,985,424
Communication Equipments	1,985,308	12,386	306,285	1,691,409	1,640,416	152,192	290,971	1,501,637	189,772	344,892
Motor Vehicles	40,091,496	-	2,440,620	37,650,876	19,533,739	4,825,773	1,132,019	23,227,493	14,423,383	20,557,757
<b>Total</b>	<b>3,343,766,765</b>	<b>164,630,534</b>	<b>9,419,398</b>	<b>3,498,977,900</b>	<b>822,074,106</b>	<b>255,520,920</b>	<b>7,298,437</b>	<b>1,070,296,589</b>	<b>2,428,681,311</b>	<b>2,521,692,659</b>
<b>Previous Year</b>	<b>2,588,078,413</b>	<b>765,697,006</b>	<b>10,008,655</b>	<b>3,343,766,765</b>	<b>564,218,877</b>	<b>267,044,814</b>	<b>9,189,586</b>	<b>822,074,106</b>	<b>2,521,692,659</b>	
<b>Addition information:</b>										
(*) Accumulated depreciation as on 01st April 2004 under Owned Assets includes accumulated depreciation of leased asset also.										

**FIXED ASSETS - RESEARCH & DEVELOPMENT**

(Amt in Rs.)

Particulars	Gross Block (At Cost)				Depreciation				Net Block	
	As at 01.04.2015	Additions during the year	Deductions during the year	As at 31.03.2016	As at 01.04.2015	For the year	Deductions during the year	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015
<b>Tangible Assets</b>										
Plant & Machinery	160,091,717	-	-	160,091,717	36,894,502	15,925,384	-	52,819,886	107,271,831	123,197,215
<b>Total</b>	<b>160,091,717</b>	<b>-</b>	<b>-</b>	<b>160,091,717</b>	<b>36,894,502</b>	<b>15,925,384</b>	<b>-</b>	<b>52,819,886</b>	<b>107,271,831</b>	<b>123,197,215</b>
<b>Previous Year</b>	<b>160,091,717</b>	<b>-</b>	<b>-</b>	<b>160,091,717</b>	<b>20,969,101</b>	<b>15,925,401</b>	<b>-</b>	<b>36,894,502</b>	<b>123,197,215</b>	

**FIXED ASSETS - TECHNICAL KNOW - HOW**

(Amt in Rs.)

Particulars	Gross Block (At Cost)				Amortisation				Net Block	
	As at 01.04.2015	Additions during the year	Deductions during the year	As at 31.03.2016	As at 01.04.2015	For the year	Deductions during the year	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015
<b>Intangible Assets</b>										
Technical Know-how	61,577,865	-	-	61,577,865	12,315,576	12,315,576	-	24,631,152	36,946,713	49,262,289
<b>Total</b>	<b>61,577,865</b>	<b>-</b>	<b>-</b>	<b>61,577,865</b>	<b>12,315,576</b>	<b>12,315,576</b>	<b>-</b>	<b>24,631,152</b>	<b>36,946,713</b>	<b>49,262,289</b>
<b>Previous Year</b>	<b>-</b>	<b>61,577,865</b>	<b>-</b>	<b>61,577,865</b>	<b>-</b>	<b>12,315,576</b>	<b>-</b>	<b>12,315,576</b>	<b>-</b>	

## Notes on Financial Statement for the year ended March 31, 2016 (contd.)

	As at 31.03.2016	As at 31.03.2015
	Rs.	Rs.
<b>11. CAPITAL WORK-IN-PROGRESS</b>		
Building under Construction	-	32,754
Land	63,000	63,000
<b>Total</b>	<b>63,000</b>	<b>95,754</b>
Intangible assets under development		
Technical Know-how	6,562,500	-
<b>Total</b>	<b>6,625,500</b>	<b>95,754</b>

## 12. NON CURRENT INVESTMENTS

Details of Investments	Name of the Company	No. of Shares	Face Value	Currency	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
<b>Trade Investments (Unquoted)</b>						
Investments in Equity Instruments						
Subsidiaries						
Fully paid up	DF Power Systems Private Limited	5,999,998	10	INR	204,075,000	204,075,000
Fully Paid up	TD Power Systems (USA) Inc.	80,100	10	USD	48,178,495	48,178,495
Fully Paid up	TD Power Systems Japan Limited	2,000	10,000	JPY	12,244,000	12,244,000
Fully Paid up	TD Power Systems Europe GMBH	175,000	1	Euro	13,082,825	-
<b>Non - Trade Investments (Un quoted)</b>						
Investments in Equity Instruments						
Others						
Fully paid up	M/s. The Shamrao Vithal Co-operative Bank Limited	2,000	25	INR	50,000	50,000
<b>Total</b>					<b>277,630,320</b>	<b>264,547,495</b>
<b>Additional Information</b>						
Aggregate value of unquoted investments at Cost						
					<b>277,630,320</b>	<b>264,547,495</b>

## 13. LONG TERM LOANS AND ADVANCES

Capital Advances	135,138,133	160,720,665
Security Deposit	17,527,220	24,847,220
Loans and advances to related parties	46,088,000	41,770,000
MAT Credit Entitlement	40,000,000	20,000,000
Advance payment of Tax (net of Provisions)	-	105,734,604
<b>Total</b>	<b>238,753,353</b>	<b>353,072,489</b>
<b>Additional information</b>		
Breakup of above		
Unsecured, considered good	238,753,353	353,072,489
<b>Total</b>	<b>238,753,353</b>	<b>353,072,489</b>

Notes on Financial Statement for the year ended March 31, 2016 (contd.)

	As at 31.03.2016	As at 31.03.2015
	Rs.	Rs.
<b>14. INVENTORIES</b>		
Raw materials	320,532,696	343,757,722
Work in progress	312,996,102	368,985,660
Finished goods	-	35,019,368
Stock in trade	139,785,432	4,702,681
Goods in transit:		
Raw materials pending at port	29,990,007	7,743,313
<b>Total</b>	<b>803,304,237</b>	<b>760,208,744</b>
<b>15. TRADE RECEIVABLES</b>		
Trade receivables exceeding six months	147,377,534	107,354,656
Others	1,241,220,965	1,033,565,489
	<b>1,388,598,499</b>	<b>1,140,920,145</b>
Less: Allowance for bad and doubtful debts	<b>51,121,835</b>	
<b>Total</b>	<b>1,337,476,664</b>	<b>1,140,920,145</b>
<b>Additional information</b>		
Breakup of above		
Secured, considered good	63,081,449	345,683,031
Unsecured, considered good	1,274,395,215	795,237,114
<b>Total</b>	<b>1,337,476,664</b>	<b>1,140,920,145</b>
<b>16. CASH AND BANK BALANCES</b>		
<b>Cash and cash equivalents</b>		
Balances with banks		
on current accounts	461,393,661	288,691,813
in deposit accounts less than 3 months maturity	-	10,000,000
Cash on hand	164,672	439,255
<b>Other bank balances</b>		
Balances with banks		
in margin money	71,500,000	71,500,000
in deposit accounts exceeding 12 months maturity	801,500,000	250,000,000
in deposit accounts exceeding 3 months but not exceeding 12 months	587,374,500	1,300,178,239
<b>Total</b>	<b>1,921,932,833</b>	<b>1,920,809,307</b>
<b>17. SHORT TERM LOANS AND ADVANCES</b>		
Rent Deposit	3,678,614	1,375,225
Balance with Statutory/Govt authorities	202,364,756	347,229,152
Prepaid Expenses	9,069,362	12,879,223
Trade Advance	166,339,729	163,872,025
Interest accrued on term deposits	15,889,097	33,714,803
Others	4,056,540	4,338,735
<b>Total</b>	<b>401,398,098</b>	<b>563,409,163</b>
<b>Additional information</b>		
Breakup of above -Unsecured, considered good	401,398,098	563,409,163
<b>Total</b>	<b>401,398,098</b>	<b>563,409,163</b>

## Notes on Financial Statement for the year ended March 31, 2016 (contd.)

	As at 31.03.2016	As at 31.03.2015
	Rs.	Rs.
<b>18. CONTINGENT LIABILITIES AND COMMITMENTS</b>		
(to the extent not provided for)		
<b>Contingent Liabilities</b>		
Claims against the Company not acknowledged as debts	-	-
Guarantees	557,806,461	592,944,983
Letters of credit	353,772,096	279,059,745
The management believes, based on internal assessment and/or legal advice, that the probability of an ultimate adverse decision and outflow of resources of the Company is not probable and accordingly, no provision for the same is considered necessary.		
<b>Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	9,639,203	89,393,155
Corporate Guarantee issued to the bankers of the subsidiary company (DFPS)	430,000,000	1,420,000,000
Corporate Guarantee issued on behalf of subsidiary company. (Japan WOS)	-	17,506,701

Department of Income Tax (TDS Circle) have issued demand notice under section 201(1)/201(1a) of the Income Tax act, based on tax payer's data reflected in the computer system of the department for Short deduction / Short payments and interest thereon, for the financial years 2006-07, 2007-08, 2008-09, 2009-2010, 2010-2011 amounting to Rs. 754,934/- including Rs. 322,946/- towards interest on such short deduction/payment under Forms 27EQ, 26Q & 24Q. The company has pursued the matter with the department and the same is under appeal for such short deduction/late payment.

The company has submitted necessary documents for the EPCG licence No. 073001256 dt. 10.07.2013 to the extent of Rs. 6.95 crores and has completed the export obligation of Rs. 41.71 crores along with annual average of Rs. 71.84 crores against the licence, awaiting discharge certificate from JDGFT.

The Company has obtained EPCG licence No. 0730014370 dt. 31.03.2015 to the extent of Rs. 1.92 crores for importation of capital goods without payment of customs duties. Under the licence the company will have to fulfill the export obligation of Rs. 11.574 Crores along with annual average exports of Rs. 71.84 crores from year 2014-15 to the year 2020-2021.

	Year Ended 31.03.2016	Year Ended 31.03.2015
	Rs.	Rs.
<b>19. REVENUE FROM OPERATIONS</b>		
<b>Sale of Goods</b>		
AC Generators	3,713,909,467	3,461,167,032
AC Motors	-	-
AC Generator Spares	356,524,304	298,859,700
Power Project Business Inland	530,418,374	235,848,797
Power Project Business Overseas Branch	398,417,427	158,652,578
<b>Total</b>	<b>4,999,269,571</b>	<b>4,154,528,107</b>
<b>Sale of services</b>	63,782,915	137,448,710
<b>Other operating revenues</b>	43,267,624	51,421,455
<b>Total</b>	<b>5,106,320,110</b>	<b>4,343,398,272</b>
Less		
Intersegmental sales	178,702,447	78,404,308
Excise duty	374,115,935	217,342,599
<b>Total</b>	<b>4,553,501,728</b>	<b>4,047,651,364</b>



Notes on Financial Statement for the year ended March 31, 2016 (contd.)

	Year Ended 31.03.2016 Rs.	Year Ended 31.03.2015 Rs.
<b>20. OTHER INCOME</b>		
Interest income on Bank Deposits	105,926,005	123,758,740
Dividend Income: Long term investments	6,000	6,000
Profit on sale of fixed assets (Net)	1,416,635	469,677
Provision no longer required withdrawn	-	35,717,451
Rental Income	4,994,655	9,010,749
Other non operating income (Net of expenses directly attributable to such income)	77,770,108	2,891,787
<b>Total</b>	<b>190,113,403</b>	<b>171,854,404</b>
<b>21. COST OF MATERIALS CONSUMED</b>		
Consumption of raw materials	2,456,993,714	2,314,196,709
Consumption of stores and spare parts	28,103,553	38,056,420
<b>Total</b>	<b>2,485,097,267</b>	<b>2,352,253,129</b>
Consumption of major raw materials		
Copper (wires, strips, rods, sheet etc.)	358,226,445	400,749,595
Steel/ Laminations	347,418,748	370,655,308
Shaft Forgings	141,575,885	133,360,485
Others	1,609,772,636	1,409,431,321
<b>Total</b>	<b>2,456,993,714</b>	<b>2,314,196,709</b>
<b>Purchases for Projects Business</b>	<b>549,328,726</b>	<b>308,359,626</b>
<b>22. CHANGE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS</b>		
Stocks at the end of the year		
Work in progress: A C Generators	312,996,102	368,985,660
Finished goods: A C Generators	-	35,019,368
	<b>312,996,102</b>	<b>404,005,028</b>
Less: Stocks at the beginning of the year		
Work in progress: A C Generators	368,985,660	502,714,353
Finished goods: A C Generators	35,019,368	17,949,689
	<b>404,005,028</b>	<b>520,664,042</b>
<b>Net (Increase) / Decrease in Stock</b>	<b>91,008,926</b>	<b>116,659,014</b>
<b>23. EMPLOYEE BENEFIT EXPENSES</b>		
Salaries and wages	407,968,985	336,594,296
Contribution to provident and other funds	51,212,735	39,808,676
Remuneration to whole time directors including contribution	23,870,864	20,966,900
Staff welfare expenses	109,827,841	93,413,525
<b>Total</b>	<b>592,880,426</b>	<b>490,783,397</b>

## Notes on Financial Statement for the year ended March 31, 2016 (contd.)

	Year Ended 31.03.2016 Rs.	Year Ended 31.03.2015 Rs.
<b>24. FINANCE COSTS</b>		
Interest expense	48,145,022	37,199,505
<b>Total</b>	<b>48,145,022</b>	<b>37,199,505</b>
<b>25. DEPRECIATION AND AMORTIZATION</b>		
Depreciation	271,446,302	267,744,692
Amortization of intangible assets	12,315,576	12,315,576
<b>Total</b>	<b>283,761,878</b>	<b>280,060,268</b>
<b>26. OTHER EXPENSES</b>		
Power and fuel	55,525,419	60,735,033
Rent	10,878,320	13,986,741
Repairs and maintenance		
Buildings	5,196,718	12,784,830
Machinery	26,597,972	21,262,332
Others	10,138,814	10,525,111
Insurance	6,926,954	12,136,836
Rates and taxes	2,569,098	1,088,184
Payment to the auditors		
as auditor	1,651,000	1,690,000
for taxation matters	461,250	615,000
for other services	952,961	522,444
Selling expenses	111,056,534	60,318,928
Provision for doubtful trade receivables	51,121,835	
Donations	1,590,458	763,991
Legal and professional charges	42,098,587	41,336,217
Directors sitting fees	1,101,700	720,000
Travelling and Conveyance	113,804,232	91,154,516
Bank Charges	15,933,782	14,197,009
Postage, Telegrams and Telephones	9,426,319	6,997,194
Royalty	6,744,279	6,422,197
Software Expenses on ERP	13,960,170	16,964,156
Manufacturing Expenses	18,606,830	14,425,453
Vehicle Maintenance	4,755,302	5,864,613
Advertisement	4,220,835	2,282,469
Printing & Stationary	6,805,911	6,142,733
Subscription to Technical Associations, Journals & Magazines	2,001,479	1,219,345
<b>Total</b>	<b>524,126,759</b>	<b>404,155,332</b>

Notes on Financial Statement for the year ended March 31, 2016 (contd.)

	Year Ended 31.03.2016 Rs.	Year Ended 31.03.2015 Rs.		
<b>27. ADDITIONAL INFORMATION</b>				
Value of Imports calculated on CIF basis				
Raw Materials	580,542,320	490,417,866		
Capital goods	67,285,616	13,690,613		
Expenditure in foreign currency excluding expenditure at branch office: (net of withholding tax)				
Others	84,621,596	86,690,848		
Capital Equipment Purchased	41,622,232	31,544,012		
	<b>Amount (Rs.)</b>	<b>% to total</b>	<b>Amount (Rs.)</b>	<b>% to total</b>
Value of imported raw materials, spare parts and components consumed	469,760,968	18.24	492,684,179	19.96
Value of indigenous raw materials, spare parts and components consumed	2,106,345,225	81.76	1,976,227,964	80.04
<b>Total</b>	<b>2,576,106,193</b>	<b>100.00</b>	<b>2,468,912,143</b>	<b>100.00</b>
<b>Details of non-resident shareholdings</b>				
Number of non-resident shareholders		109		65
Number of shares held by non-resident shareholders		7,922,746		8,183,185
<b>Earnings in foreign exchange</b>				
Export of goods calculated on FOB basis		1,764,215,818		1,440,949,582
Royalty, Knowhow, professional and consultancy fees		11,607,061		8,561,260
Other Income		2,076,051		1,054,622
<b>28. EARNINGS PER SHARE</b>				
Profit for the year after tax expense		149,788,216		169,628,624
Weighted average number of equity shares		33,237,588		33,237,588
<b>Earning per share</b>		<b>4.51</b>		<b>5.10</b>
<b>29. DISCLOSURES AS PER ACCOUNTING STANDARD 15 "EMPLOYEE BENEFITS"</b>				
<b>Defined Contribution Plan</b>				
Employer's Contribution to Provident Fund & Pension Scheme		19,833,276		17,705,221
<b>Defined Benefit Plan</b>				
The employees' gratuity fund scheme managed by a trust is a defined benefit plan. The Present value of obligation is determined based on actuarial valuation using the projected unit credit method.				

## Notes on Financial Statement for the year ended March 31, 2016 (contd.)

	Current Year (Rs.)		Previous Year (Rs.)	
	Gratuity (Funded)	Leave (Unfunded)	Gratuity (Funded)	Leave (Unfunded)
<b>Disclosures as per Accounting Standard 15 "Employee Benefits" (contd.)</b>				
<b>Defined Benefit obligation at beginning of the reporting period</b>				
Current Service Cost	33,651,012	33,302,500	28,144,735	24,282,310
Interest Cost	4,576,396	12,236,221	3,981,570	6,928,440
Acquisition adjustment	3,229,587	2,597,600	2,251,579	2,246,110
Actuarial (gain)/ loss	-	-	-	-
Benefits Paid	4,675,962	(4,340,700)	1,195,599	(154,360)
Defined Benefit obligation at end of the reporting period	(3,165,556)	-	(1,922,471)	-
<i>Obligations at end of the period - Current</i>	42,967,401	43,795,621	33,651,012	33,302,500
<i>Obligations at end of the period - Non -Current</i>	4,576,396	6,271,200	3,981,570	4,924,900
	38,391,005	37,524,421	29,669,442	28,377,600
<b>Reconciliation of opening and closing balance of fair value of plan assets</b>				
Fair value of plan assets at beginning of the reporting period*	46,845,031	-	38,365,702	-
Acquisition adjustment	-	-	-	-
Expected return on plan assets	4,513,112	-	3,620,926	-
Employer Contribution	15,244,199	-	6,780,874	-
Benefits paid	(3,165,556)	-	(1,922,471)	-
Actuarial gain/(loss)	63,436,786	-	46,845,031	-
Fair value of plan assets at reporting period				
<b>Reconciliation of fair value of assets and obligations</b>				
Fair value of plan assets	63,436,786	-	46,845,031	-
Present value of obligation	(42,967,401)	-	(33,651,012)	-
Funded assets in excess of obligation of prior years	(20,469,385)	-	(13,194,019)	-
Amount recognised in Balance Sheet under liabilities	-	-	-	-
<b>Expense recognised during the year</b>				
Current Service Cost	11,851,762	12,236,221	6,954,622	6,928,440
Interest Cost	3,229,587	2,597,600	2,251,579	2,246,110
Expected return on plan assets	(4,513,112)	-	(3,620,926)	-
Actuarial (gain)/ loss	4,675,962	(4,340,700)	1,195,599	(154,360)
<b>Net Cost</b>	15,244,199	10,493,121	6,780,874	9,020,190
<b>Actuarial assumptions</b>				
Mortality Table	1994 – 96 (Ultimate)	Indian Assured Lives Mortality (2006-08) (modified) ULT	1994 – 96 (Ultimate)	Indian Assured Lives Mortality (2006-08) (modified) ULT
Discount rate (per annum)	8.00%	7.80%	8.00%	7.80%
Expected rate of return on plan assets (per annum)	8.00%	NA	8.00%	NA
Rate of escalation in salary (per annum)	7.00%	7.00%	7.00%	7.00%
The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is as certified by the actuary.				

Notes on Financial Statement for the year ended March 31, 2016 (contd.)

**30. SEGMENT REPORTING**

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

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

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

**PRIMARY SEGMENT**

**Current Year (Amt in Rs.)**

Particulars	Manufacturing	Project Business	Common	Total
<b>Segment Revenues</b>				
External Revenues	3,771,293,772	960,910,403	-	4,732,204,175
Intersegment Revenues	(178,702,447)	-	-	(178,702,447)
<b>Total Revenues</b>	<b>3,592,591,325</b>	<b>960,910,403</b>	<b>-</b>	<b>4,553,501,728</b>
<b>Segment Results</b>				
Profit Before Taxation, Interest & Depreciation	312,721,165	37,065,969	(38,727,513)	311,059,621
Less: Interest	48,144,944	78	-	48,145,022
Less: Depreciation & Amortizations	283,211,614	257,937	292,327	283,761,878
<b>Total</b>	<b>(18,635,392)</b>	<b>36,807,954</b>	<b>(39,019,840)</b>	<b>(20,847,280)</b>
<b>Unallocable &amp; Other Income (including Extraordinary items)</b>				
Less: Tax	75,649,069	62,972,289	51,492,045	190,113,403
	7,504,282	11,973,629		19,477,911
<b>Total Profit</b>	<b>49,509,394</b>	<b>87,806,613</b>	<b>12,472,205</b>	<b>149,788,212</b>

**Previous Year (Amt in Rs.)**

<b>Segment Revenues</b>				
External Revenues	3,639,315,992	486,739,680	-	4,126,055,672
Intersegment Revenues	(78,404,308)	-	-	(78,404,308)
<b>Total Revenues</b>	<b>3,560,911,684</b>	<b>486,739,680</b>	<b>-</b>	<b>4,047,651,364</b>
<b>Segment Results</b>				
Profit Before Taxation, Interest & Depreciation	404,541,571	8,569,646	(37,670,350)	375,440,867
Less: Interest	37,184,477	15,028	-	37,199,505
Less: Depreciation & Amortizations	279,510,004	257,937	292,327	280,060,268
<b>Total</b>	<b>87,847,090</b>	<b>8,296,682</b>	<b>(37,962,677)</b>	<b>58,181,095</b>
<b>Unallocable &amp; Other Income (including Extraordinary items)</b>				
Less: Tax	79,916,483	19,619,258	72,318,663	171,854,405
	60,406,873			60,406,873
<b>Total Profit</b>	<b>107,356,700</b>	<b>27,915,940</b>	<b>34,355,985</b>	<b>169,628,625</b>

## Notes on Financial Statement for the year ended March 31, 2016 (contd.)

### Segment Reporting (contd.)

(Amt in Rs.)

	Manufacturing	Project Business	Common	Total
<b>Segment Assets - Current Year</b>	4,801,160,943	801,105,485	1,957,754,433	7,560,020,861
Previous Year (2014-2015)	5,102,792,038	499,970,575	2,094,452,646	7,697,215,260
<b>Segment Liabilities - Current Year</b>	1,588,201,113	600,401,772	-	2,188,602,887
Previous Year (2014-2015)	1,533,362,426	390,177,017	-	1,923,539,443
<b>Capital Expenditure (Net of disposal) - Current Year</b>	155,211,136	-	-	155,211,136
Previous Year (2014-2015)	817,266,215	-	-	817,266,215

### GEOGRAPHICAL SEGMENT

#### Segment revenue by Geographical Market

	Current Year (Rs.)	Previous Year (Rs.)
Sales of India	4,333,786,747	3,967,403,094
Sales of overseas	398,417,427	158,652,578
Less: Inter-segmental sales	(178,702,447)	(78,404,308)
<b>Total</b>	<b>4,553,501,729</b>	<b>4,047,651,364</b>

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

	Carrying amounts of segment assets (Amt in Rupees)		Additions to fixed assets & Intangible assets (Net) (Amt in Rupees)	
	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
Located in India	7,023,303,929	7,393,762,488	155,211,136	817,266,215
Located outside India	536,716,932	303,452,772	-	-
<b>Total</b>	<b>7,560,020,861</b>	<b>7,697,215,260</b>	<b>155,211,136</b>	<b>817,266,215</b>

### 31. RELATED PARTIES DISCLOSURE

Name of the Related Party	Relationship
DF Power Systems Private Limited	Subsidiary
TD Power Systems (USA) Inc	Subsidiary
TD Power Systems Japan Limited	Subsidiary
TD Power Systems Europe GmbH	Subsidiary
Nikhil Kumar	Key managerial personnel and their Relatives.
Mohib Khericha	Key managerial personnel and their Relatives.
K G Prabhakar	Key managerial personnel and their Relatives.
N Srivatsa	Key managerial personnel and their Relatives.
Sagir M Khericha	Key managerial personnel and their Relatives.

Notes on Financial Statement for the year ended March 31, 2016 (contd.)

Related Parties Disclosure (contd.)					(Amt in Rs.)
Nature of transactions	Subsidiary		Key management personnel and their Relatives		Enterprises over which key Managerial Personnel are able to exercise significant influence
	2016	2015	2016	2015	
<b>Directors Remuneration and Commission</b>					
Nikhil Kumar	-	-	19,528,828	20,966,900	-
K. G. Prabhakar	-	-	4,812,980	4,799,116	-
<b>Key Managerial Personnel</b>					
N. Srivatsa	-	-	4,030,193	4,030,193	-
<b>Directors Sitting Fees</b>					
Mohib Khericha	-	-	240,300	160,000	-
<b>Relative of Director</b>					
Sagir M. Khericha			809,066	-	
<b>Lease Rent Paid</b>					
Mohib N. Khericha	-	-	1,350,000	2,700,000	-
<b>DF Power Systems Private Limited</b>					
Rent received (including service tax)	5,897,065	10,124,479	-	-	-
Management Services from	5,512,403	32,461,428	-	-	-
Guarantee Margin from	150,000,000	-	-	-	-
Amount due to Company from	-	2,600,000	-	-	-
Amount due from Company to	6,966,056	43,177,391	-	-	-
Sale of Generators & Spares to (including taxes & duties)	-	1,972,703	-	-	-
Purchases of Materials (including taxes & duties)	10,053,638	42,957,835	-	-	-
<b>TD Power Systems (USA) Inc</b>					
Sale of Generators & Spares to (including taxes & duties)	33,423,828	26,820,030	-	-	-
Purchases from (including taxes & duties)	19,319	1,013,284	-	-	-
Amount due to Company from	25,172,655	20,026,164	-	-	-
Inter-Corporate Loan given to	46,088,000	24,244,000	-	-	-
Interest on Inter-Corporate Loan charged to	1,515,150	597,167	-	-	-
Amount due from Company to	357,464	1,017,538	-	-	-
<b>TD Power Systems Japan Limited</b>					
Sale of Generators & Services to (including taxes & duties)	5,459,885	253,749,340	-	-	-
Purchases from (including taxes & duties)	-	1,805,155	-	-	-
Inter-Corporate Loan given to	-	17,526,000	-	-	-
Interest on Inter-Corporate Loan charged to	560,899	431,464	-	-	-
Amount due to Company from	772,200	21,966,016	-	-	-

## Notes on Financial Statement for the year ended March 31, 2016 (contd.)

### 32. 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. 10,878,320/- (Previous year Rs. 13,986,741/-).

### 33. WARRANTY CLAIMS

Provision for warranties are made on an estimated basis. During the reporting period, the Company has made provisions towards Warranty claims, the details of the same are as under:

	As at 31.03.2016 (Rs.)
	Warranty claims
Balance outstanding at the beginning of the reporting period	20,094,498
Provision for the reporting period	3,094,316
Utilized during the reporting period	-
Withdrawn and credited to Statement of Profit and Loss	
Balance outstanding at the end of the reporting period	23,188,814

### 34. Foreign currency exposures which have been hedged/unhedged by any derivative Instruments or otherwise as at end of the reporting period is as follows:

	As at 31.03.2016		As at 31.03.2015	
<b>Hedged</b>	In USD	In Rupees	In USD	In Rupees
Sell Contracts USD (Hedge of expected future sales)	-	-	1,657,390.40	108,285,119.20
<b>Unhedged</b>				
Assets (Receivables)		637,545,123		282,969,615
Liabilities (payables)		186,364,759		378,805,954

### 35. RESEARCH & DEVELOPMENT

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

Nature	2015 - 2016 (Rs.)	2014-2015 (Rs.)
Capital Expenditure	-	-
Revenue Expenditure (excluding depreciation)	66,665,929	62,856,393

### 36. CORPORATE SOCIAL RESPONSIBILITY

- Gross amount required to be spent by the company during the year - Rs. 11,054,556/-
- Amount spent including service tax during the year on

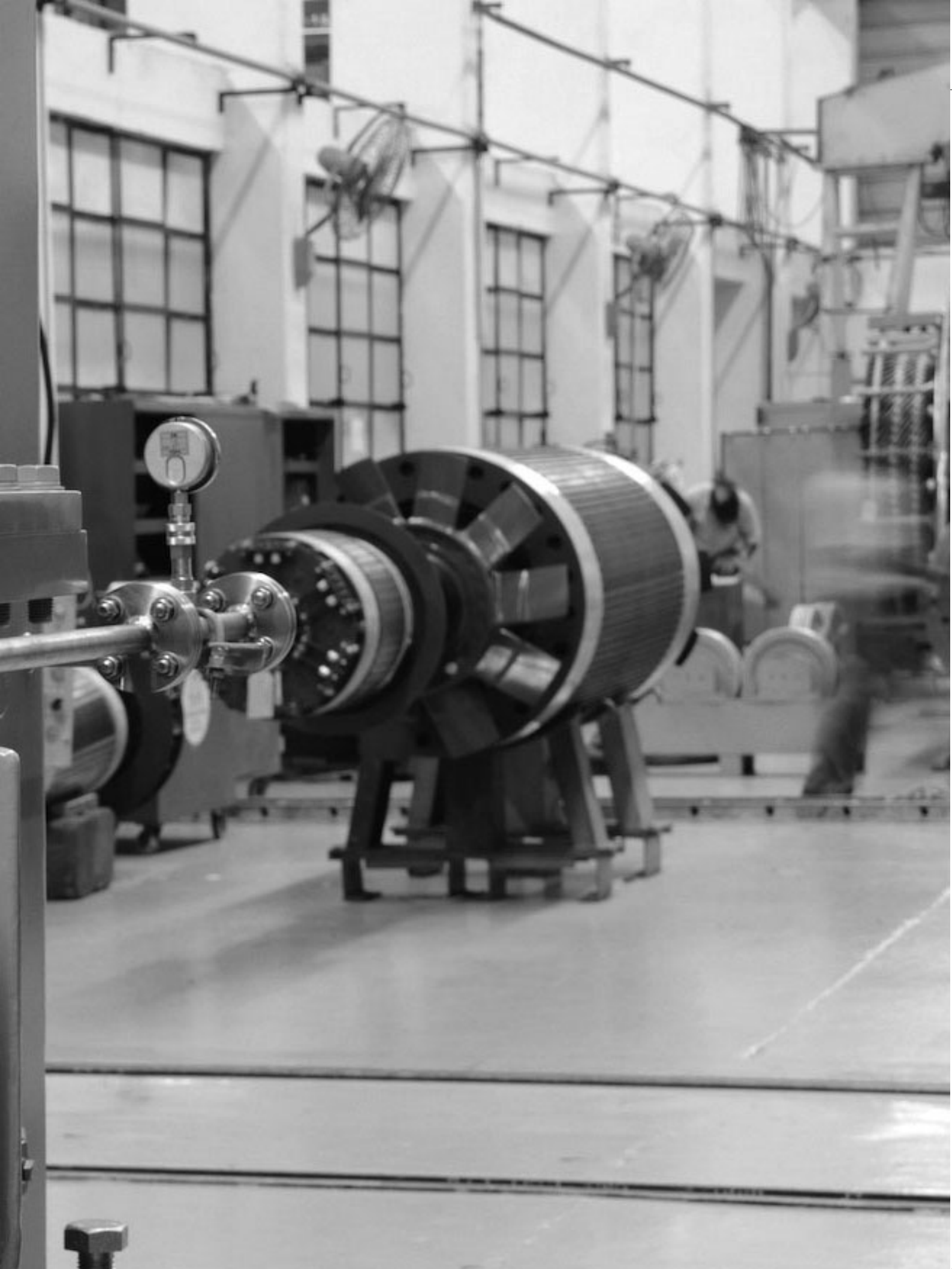
Sl. Towards No.	(Amt in Rs.)		
	Spent	To be spent	Total
1. Construction/acquisition of any asset	-	-	-
2. On purposes other than (1) above	6,889,760	4,164,796	11,054,556

- The company does not have any pending litigations which would impact its financial position as on the reporting date.
- The company does not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
- There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company as on the reporting date.
- Previous reporting year figures have been regrouped wherever required in conformity with the presentation for the current reporting year.





## CONSOLIDATED FINANCIAL STATEMENTS



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

### Report on 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 India subsidiary DF Power Systems Private Limited. We have reviewed the financial statements of TD Power Systems (USA) Inc, TD Power Systems Japan Ltd, TD Power Systems Europe GmbH (“foreign subsidiaries”) for the limited purpose of verifying the compliance with Schedule III required for consolidation (the Holding Company and its subsidiaries together referred to as “the Group”) comprising of the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies 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 (herein after referred to as “the Act”) that give a true and fair view of the consolidated financial position, consolidated financial performance 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, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### 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 in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with the 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 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 to in sub paragraph (a) of 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, 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 March 31, 2016, and their consolidated loss and their consolidated cash flows for the year ended on that date.

**Independent Auditors' Report (contd.)**

**Other Matters**

(a) We did not audit the financial statements of the following entities which included

<b>Entity</b>	<b>Total assets as on March 31, 2016</b>	<b>Total operating revenues for the year 2015 – 16</b>
Japan Branch (part of Holding Company)	Rs. 536,716,932	Rs. 398,417,427
Hong Kong Branch (part of Indian Subsidiary)	Rs. 210,684,732	Rs. 9,836,583
TD Power Systems Japan Limited	Rs. 126,753,726	Rs. 287,050,973
TD Power Systems (USA) Inc	Rs. 47,425,752	Rs. 45,113,842
TD Power Systems Europe GmbH	Rs. 12,350,844	Nil

These financial statements of the branches have been audited by the branch auditors whose reports have been furnished to us. Our opinion in so far as it relates to the amounts and disclosures included in respect of the branches, is based solely on the reports of such branch auditors. We have been furnished with financial statements of the foreign subsidiaries as per Schedule III to the Companies Act, 2013. We have reviewed the same for the limited purpose of verifying the compliance with Schedule III required for consolidation.

Our opinion is not modified in respect of this matter.

**Report on Other Legal and Regulatory Requirements:**

1. As required by the Section 143(3) of the Act, 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 purpose of our audit of the above said consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept in so far as it appears from our examination of those books and the reports of the other auditors and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
- c) The reports on the accounts of the branch offices of the Group audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.
- d) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- e) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on the record by the Board of Directors of the Holding Company, none of the directors of the Group companies incorporated in India is disqualified as on that date from being appointed as a director in terms of Section 164(2) of the Act.
- g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure A. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- h) With respect to other matters to be included in the Auditors report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us,
  - i. There were no pending litigations which would impact the consolidated financial position of the Group. - Refer Note 37(a) to the financial statements.

## Independent Auditors' Report (contd.)

- ii. 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 Group did not have any derivative contracts for which there were any material foreseeable losses – Refer Note 37(b) to the financial statements.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group. - Refer Note 37(c) to the financial statements.

Bangalore  
May 11, 2016

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

**R. SATYANARAYANA MURTHI**  
Partner  
Membership No. 024248

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

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

We have audited the internal financial controls over financial reporting of TD Power Systems Limited (“the Holding Company”) and DF Power Systems Private Limited (“Indian Subsidiary”) as of March 31, 2016 in conjunction with our audit of the consolidated financial statements of the Holding Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding Company and its Indian Subsidiary 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 (the “Guidance Note”) issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditors’ Responsibility**

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

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

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

#### **Meaning of Internal Financial Controls over Financial Reporting**

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

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

**Opinion**

In our opinion, the Holding Company and its Indian subsidiary 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 as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

Bangalore  
May 11, 2016

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

**R. SATYANARAYANA MURTHI**  
Partner  
Membership No. 024248

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CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2016

	Note	As at 31.03.2016		As at 31.03.2015	
		Rs.	Rs.	Rs.	Rs.
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' Funds</b>					
Share Capital	2	332,375,880		332,375,880	
Reserves and Surplus	3	4,400,368,874		4,608,022,530	
			4,732,744,754		4,940,398,410
<b>Non-current liabilities</b>					
Deferred tax liabilities (Net)	4	153,279,808		177,187,506	
Long term provisions	5	39,159,030		44,054,812	
			192,438,838		221,242,318
<b>Current Liabilities</b>					
Short term borrowings	6	276,415,453		573,513,883	
Trade payables	7				
Total outstanding due of MSME		9,572,649		44,387,924	
Total outstanding due of Creditors other than MSME		1,436,678,910		1,627,570,649	
Other current liabilities	8	1,016,379,410		1,198,116,790	
Short term provisions	9	264,810,198		355,965,413	
			3,003,856,620		3,799,554,659
<b>Total</b>			<b>7,929,040,212</b>		<b>8,961,195,387</b>
<b>ASSETS</b>					
<b>Non-current assets</b>					
Fixed Assets					
Tangible assets	10	2,545,290,400		2,666,917,499	
Intangible assets	10	36,946,713		49,262,289	
Capital work in progress	11	6,625,500		95,754	
		2,588,862,613		2,716,275,542	
Non-current investments	12	50,000		50,000	
Long term loans and advances	13	192,665,353		344,754,156	
			2,781,577,966		3,061,079,698
<b>Current Assets</b>					
Inventories	14	881,265,213		760,208,744	
Trade receivables	15	1,552,442,275		1,551,490,883	
Cash and Bank Balance	16	2,258,144,277		2,721,133,688	
Short term loans and advances	17	455,610,481		867,282,374	
			5,147,462,246		5,900,115,689
<b>Total</b>			<b>7,929,040,212</b>		<b>8,961,195,387</b>

Summary of Accounting Policies, other explanatory information & Notes attached form an integral part of the Balance Sheet 1-37

In Accordance with our Report attached  
For **B. K. RAMADHYANI & CO. LLP.**  
Chartered Accountants  
Firm Registration No. 002878S/S200021

**R. Satyanarayana Murthi**  
Partner - M. No. 024248  
Bangalore  
May 11, 2016

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

## CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2016

	Note	Year Ended 31.03.2016		Year Ended 31.03.2015	
		Rs.	Rs.	Rs.	Rs.
<b>INCOME</b>					
Revenue from Operations	19		5,067,512,153		5,974,419,195
Other Income	20		201,884,046		245,015,224
<b>Total Revenue</b>			<b>5,269,396,199</b>		<b>6,219,434,419</b>
<b>EXPENSES</b>					
Cost of materials consumed	21	2,508,287,455		2,414,114,029	
Purchases for Project Business		1,079,574,976		2,001,843,924	
Changes in inventories of finished goods, work in progress and stock in trade	22	91,008,926		116,659,014	
			3,678,871,357		4,532,616,967
Employee benefits expense	23		660,517,129		652,327,171
Finance costs	24		49,815,031		38,868,804
Depreciation and amortization expense	25		288,070,699		287,629,046
Other expenses	26		661,276,892		648,418,805
<b>Total Expenses</b>			<b>5,338,551,109</b>		<b>6,159,860,793</b>
<b>Profit before tax</b>			<b>(69,154,909)</b>		<b>59,573,626</b>
Tax expense					
Current tax ( MAT)		66,606,758		56,492,258	
Less: MAT Credit Entitlement		20,000,000		20,000,000	
Net Current Tax		46,606,758		36,492,258	
Deferred Tax		(23,907,697)		31,365,182	
			22,699,061		67,857,440
Profit/(Loss) for the Year			(91,853,970)		(8,283,814)
Less : Prior Period Adjustment			-		-
<b>Profit/(Loss) for the Year</b>			<b>(91,853,970)</b>		<b>(8,283,814)</b>
Earning per equity share	28				
Basic & Diluted			(2.76)		(0.25)
Summary of Accounting Policies, other explanatory information & Notes attached 1-37 form an integral part of the Statement of Profit & Loss					

In Accordance with our Report attached

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

**R. Satyanarayana Murthi**  
Partner - M. No. 024248

Bangalore  
May 11, 2016

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

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

	Rs.	Current Year Rs.	Rs.	Previous Year Rs.
<b>A Cash flow from operating activities</b>				
<b>Net Profit before tax and extraordinary items</b>		(69,154,909)		59,573,626
Adjustments for				
Depreciation	275,755,123		275,313,472	
Amortisation	12,315,576		12,315,576	
(Profit) / Loss on sale of Fixed Asset	3,086,036		(191,009)	
Dividend Income	(6,000)		(6,000)	
Interest Income	(129,789,051)		(188,078,527)	
Interest Payments	49,815,031		38,868,804	
Provision for Warranty Claims	3,094,316		3,367,852	
Provision for Gratuity & Leave Encashment	41,530,563		26,417,045	
		255,801,594		168,007,213
<b>Operating profit before Working Capital Changes</b>		<b>186,646,685</b>		<b>227,580,839</b>
<b>Adjustments for</b>				
Trade Receivables	(951,392)		666,818,317	
Other Receivables	365,748,069		(166,370,865)	
Inventories	(121,056,469)		102,764,896	
Future Contracts	(116,226,390)		-	
Trade Payables	(416,608,813)	(289,094,995)	(322,727,198)	280,485,150
<b>Cash generated from Operations</b>		<b>(102,448,310)</b>		<b>508,065,990)</b>
Direct Taxes Paid	26,011,414	26,011,414	42,090,950	42,090,950
<b>Net Cash Flow from Operating Activities</b>		<b>(128,459,724)</b>		<b>465,975,040</b>
<b>B Cash flow from Investing Activities</b>				
Purchase of Fixed Assets	(171,160,281)		(226,461,581)	
Sale of Fixed Asset / Purchase of Investments	25,973,561		12,534,268	
Dividend Received	6,000		6,000	
Interest Received	163,118,042		187,227,979	
<b>Net Cash used in investing activities</b>		<b>17,937,322</b>		<b>(26,693,334)</b>
<b>C Cash flow from financing activities</b>				
Refund on Income Tax	100,359,854		62,858,020	
Temporary Borrowing	-		(31,919,400)	
Working Capital borrowings	(297,098,430)		(24,447,871)	
Interest Paid	(49,815,031)		(38,868,804)	
Dividend and Tax on Dividend paid	(105,913,403)		(89,438,527)	
<b>Net Cash flow from financing activities</b>		<b>(352,467,010)</b>		<b>(121,816,582)</b>
<b>Net increase/decrease in cash and cash equivalents</b>		<b>(462,989,412)</b>		<b>317,465,124</b>
<b>Cash and cash equivalents at the beginning</b>		<b>2,721,133,689</b>		<b>2,403,668,564</b>
<b>Cash and cash equivalents at close</b>		<b>2,258,144,277</b>		<b>2,721,133,688</b>
Actual Closing Cash Balance		2,258,144,277		2,721,133,689
Add: Non-Cash Equivalents		-		-
<b>Cash and cash equivalents at Close</b>		<b>2,258,144,277</b>		<b>2,721,133,689</b>

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

As per our report of even date

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

**R. Satyanarayana Murthi**  
Partner - M.No. 024248

Bangalore  
May 11, 2016

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

## SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE PERIOD ENDED MARCH 31, 2016

### 1 Significant Accounting Policies

Consequent to a Special Resolution of the Members, passed at the Company's Extra Ordinary General Meeting held on 17th January 2011, the Company is converted to a Public Limited Company by altering its Articles of Association in terms of Section 31 read with Section 44 of the Companies Act 1956, and a fresh Certificate of Incorporation dated 04th February 2011 is issued by the Registrar of Companies, Karnataka.

DF Power Systems Private Limited (Subsidiary Company), a company incorporated under Companies Act, 1956, is the wholly owned subsidiary of the company, w.e.f. October 1, 2010.

The company's subscription to the Share Capital of its Wholly Owned Subsidiaries reflected as trade investments as on 31st March 2016 ar as follows:-

- a. 80,100 Equity Shares of USD 10- each - TD Power Systems (USA) Inc.
- b. 2000 Equity Share of JPY 10,000 each - TD Power Systems Japan Limited
- c. 175,000 \* Equity Share of Euro 1 each - TD Power Systems Europe GmbH  
(\* erstwhile Platin 1255 GmbH acquired by the company in January 2016)

#### 1.1 Basis of Preparation of Financial Statements

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

#### 1.2 Principles of Consolidation

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

- a) 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.
- b) The share of equity in the subsidiary company as on the date of investment 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.

#### 1.3 Fixed Assets

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

#### 1.4 Inventories

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

#### 1.5 Depreciation

Depreciation on tangible assets is provided with reference to the estimated useful life of the fixed assets less its residual value as prescribed under Schedule II of The Companies Act 2013, or actual useful life of the asset, whichever is lower. Fixed assets costing below Rs. 5,000/- are depreciated fully. Depreciation is charged for complete quarter on addition / deletion.

### Summary of Accounting Policies and Other Explanatory Information (contd.)

#### 1.6 Revenue Recognition

##### Company

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

##### Subsidiaries

- a. Sales are recorded based on significant risks and rewards of ownership being transferred in favour of the customer. Sales include goods dispatched to customers by partial shipment.
- b. Income from erection and project management services is recognized on work done based on percentage completion or the intrinsic value, reckoned at 97.5% of contract value, the balance 2.5% is recognized as income when the contract is completed.
- c. Income from engineering services rendered is recognized at realizable value based on percentage of work completed.
- d. Liquidated damages in terms of the contract is recognised on crystallization.

#### 1.7 Foreign Currency Transactions

- a. Foreign currency transactions are translated into Indian rupees at the exchange rate prevailing on the date of the transaction.
- b. Monetary foreign currency assets and liabilities outstanding at the end of the year are restated at the exchange rates prevailing on the reporting date. All exchange differences are accounted for in the statement of profit and loss.
- c. Non monetary items denominated in foreign currency, are valued at the exchange rate prevailing on the date of transaction.
- d. In respect of overseas branches, which are integral foreign operations, financial statements are translated as if the transactions are those of the Company itself.
- e. In respect of integral foreign operations, being the wholly owned subsidiary at United States of America, financial statements are translated as if the transactions are those of the Company itself.
- f. In respect of non-integral foreign operations, being the wholly owned subsidiary at Japan, financial statements are translated as under assets and liabilities, both monetary and non-monetary at the closing rate, income and expenses at the transaction exchange rate and resulting exchange differences, accumulated in foreign currency translation reserves.

#### 1.8 Taxes on Income

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

Minimum Alternate Tax (MAT) under the provisions of Income Tax Act, 1961, is recognised as current tax in the statement of Profit & Loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal Income Tax during the period for which MAT Credit can be carried forward for set-off against the normal tax liability. MAT Credit recognised as an asset is reviewed at each Balance Sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

#### 1.9 Borrowing Cost

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

## Summary of Accounting Policies and Other Explanatory Information (contd.)

### 1.10 Contingent Liabilities

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

### 1.11 Employees Benefits

#### Long Term Employee Benefits

##### a. Defined Contribution Plans

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

##### b. Defined Benefit Plans

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

### 1.12 Impairment of Assets

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

### 1.13 Accounting for lease

##### i. Operating Lease

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

##### ii. Finance Lease and Hire purchase transactions

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

### 1.14 Amortisation of Technical Know-how Fee/Licence Fee.

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

### 1.15 Investment

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

### 1.16 Research & Development

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

Capital Expenditure is categorised and disclosed separately as Research & Development, Fixed Asset and depreciation is charged as prescribed under Companies Act, 2013 discussed in para 1.5 above.

Notes on Consolidated Financial Statement for the year ended March 31, 2016

**2. SHARE CAPITAL**

**Authorized**

Equity shares of Rs.10/- each

As at 31.03.2016		As at 31.03.2015	
Number	Rs.	Number	Rs.
35,000,000	350,000,000	35,000,000	350,000,000
	<u>350,000,000</u>		<u>350,000,000</u>
<b>Issued, subscribed and fully paid up</b>			
Equity shares of Rs.10/- each			
At the beginning of the year			
33,237,588	332,375,880	33,237,588	332,375,880
Issued during the year			
-	-	-	-
33,237,588	<b>332,375,880</b>	33,237,588	<b>332,375,880</b>

**Issued, subscribed and fully paid up**

Equity shares of Rs.10/- each

At the beginning of the year

Issued during the year

At the close of the year

**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.

For the period ended 31 March 2016 (31 March 2015, Rs. 2.645), a dividend per share of Rs. 3.05 has been provided for payment to shareholders subject to approval at the Annual General Meeting of the Company.

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

**II Equity shares include**

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

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

Sapphire Finman Services Private Limited

Nikhil Kumar

Hitoshi Matsuo

Sofia M. Khericha

Mohib N. Khericha

As at 31.03.2016		As at 31.03.2015	
Percentage	No. of shares	Percentage	No. of shares
15.12%	5,026,433	15.12%	5,026,433
13.96%	4,638,664	13.96%	4,638,664
9.73%	3,235,254	9.73%	3,235,254
6.27%	2,084,100	6.27%	2,084,100
5.56%	1,846,860	5.56%	1,846,860

## Notes on Consolidated Financial Statement for the year ended March 31, 2016 (contd.)

	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
<b>3. RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b>		
As at the beginning of the year	71,829,215	71,829,215
As at the end of the year (A)	71,829,215	71,829,215
<b>Securities Premium</b>		
As at the beginning of the year	2,050,763,239	2,050,763,239
As at the end of the year (B)	2,050,763,239	2,050,763,239
<b>General Reserve</b>		
As at the beginning of the year	324,714,860	304,629,488
Add		
Transferred from Statement of Profit and Loss	12,276,613	20,085,372
As at the end of the year (C)	336,991,473	324,714,860
<b>Foreign Currency Translation Reserves</b>		
As at the beginning of the year	(4,586,346)	107,875
Add		
During the period (Refer Note 1.7 f)	6,212,449	(4,694,221)
As at the end of the year (D)	1,626,103	(4,586,346)
<b>Surplus i.e. balance in Statement of Profit &amp; Loss</b>		
As at the beginning of the year	2,165,301,562	2,315,809,591
Add		
Transferred from Statement of Profit and Loss	(91,853,970)	(8,283,814)
Less		
Depreciation on OB	-	16,225,440
Transferred to General Reserve	12,276,613	20,085,372
<b>Proposed Dividend</b>		
Provision towards dividend distribution tax	101,374,643	88,049,526
As at the end of the year (E)	20,637,492	17,863,877
	1,939,158,844	2,165,301,562
<b>Total (A to E)</b>	<b>4,400,368,874</b>	<b>4,608,022,530</b>
<b>4. DEFERRED TAX LIABILITY</b>		
<b>i. Deferred tax liability:</b>		
On account of depreciation on fixed assets	187,262,069	193,351,284
<b>Total</b>	<b>187,262,069</b>	<b>193,351,284</b>
<b>ii. Deferred tax asset:</b>		
On account of timing differences in recognition of expenditure	33,354,128	16,163,778
On account of depreciation on fixed assets	628,132	-
On account of Unabsorbed losses and depreciation under the Income Tax Act, 1961	-	-
<b>Total</b>	<b>33,982,260</b>	<b>16,163,778</b>
<b>Net Deferred tax liability/(asset) Total</b>	<b>153,279,808</b>	<b>177,187,506</b>



	As at 31.03.2016	As at 31.03.2015
	Rs.	Rs.
<b>5. LONG TERM PROVISIONS</b>		
Provisions for employee benefits - Leave Encashment	39,159,030	44,054,812
<b>Total</b>	<b>39,159,030</b>	<b>44,054,812</b>
<b>6. SHORT TERM BORROWINGS</b>		
<b>Secured Loans</b>		
Loans repayable on demand- from banks	276,415,453	573,513,883
<b>Total</b>	<b>276,415,453</b>	<b>573,513,883</b>
<b>Additional Information</b>		
Details of security for secured loans		
- Balance of Working Capital Loan from M/s Bank of Baroda as on reporting date - Secured by Hypothecation of Raw Materials, Goods-in-process, Finished Goods and Book Debts and a charge on Fixed assets of the company located at Unit I and Select Assets located on 4.33 acres of land on survey no. 59/2 at Unit II.		
	276,415,453	573,513,883
Loans repayable on demand		
Terms of repayment of secured loans - from banks	276,415,453	573,513,883
Interest at 2% over base rate (floating)		
<b>7. TRADE PAYABLES</b>		
To Micro, Small and Medium Enterprises	9,572,649	44,387,924
Others	1,436,678,910	1,627,570,649
<b>Total</b>	<b>1,446,251,559</b>	<b>1,671,958,573</b>
<b>Additional Information</b>		
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	9,572,649	44,387,924
2. Interest due on (1) above and the unpaid interest	198,929	-
3. Interest paid on all delayed payments under the MSMED Act	-	-
4. Payment made beyond the appointed day during the year	312,300	72,096,756
5. Interest due and payable for the period of delay other than (3) above	2,528,449	4,669,005
6. Interest accrued and remaining unpaid	2,727,378	4,669,005
7. Amount of further interest remaining due and payable in succeeding years	26,683,204	23,955,826

## Notes on Consolidated Financial Statement for the year ended March 31, 2016 (contd.)

### 8. OTHER CURRENT LIABILITIES

	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
Provision for taxation	9,164,419	-
Unclaimed dividends	86,004	8,226
Outstanding Liabilities	529,285,380	332,701,824
Duties and taxes payable	13,505,279	23,682,022
Trade advance received from customers	403,288,414	809,122,922
Earnest Money Deposit	215,000	215,000
Other liabilities	60,834,914	32,386,796
<b>Total</b>	<b>1,016,379,410</b>	<b>1,198,116,790</b>

### 9. SHORT TERM PROVISIONS

Reserve for Future Contract	113,338,049	225,032,612
Provision for warranties	23,188,814	20,094,498
Provisions for employee benefits - Leave Encashment	6,271,200	4,924,900
Proposed dividend (including dividend distribution tax)	122,012,135	105,913,403
<b>Total</b>	<b>264,810,198</b>	<b>355,965,413</b>

### 10. FIXED ASSETS

(Amount in Rs.)

Particulars	Gross Block (At Cost)				Depreciation				Net Block	
	As at 01.04.2015	Additions during the year	Deductions during the year	As at 31.03.2016	As at 01.04.2015	For the year	Deductions during the year	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015
<b>Tangible Assets</b>										
Free Hold Land	264,449,392	-	-	264,449,392	-	-	-	-	264,449,392	264,449,392
Buildings	1,106,805,984	6,127,781	-	1,112,933,765	125,232,835	37,245,264	-	162,478,099	950,455,666	981,573,149
Plant & Machinery (*)	1,829,078,236	154,847,702	6,030,263	1,977,895,675	611,425,459	201,925,425	3,259,546	810,091,338	1,167,804,338	1,217,652,777
Office Equipments	34,260,415	599,941	2,086,168	32,774,187	17,313,522	5,105,195	1,940,538	20,478,180	12,296,007	16,946,893
Furniture & Fixtures	39,650,779	735,943	4,194,385	36,192,336	15,469,501	3,568,700	1,558,424	17,479,776	18,712,559	24,181,277
Computers	59,086,011	2,306,781	6,118,559	55,274,233	45,669,642	6,272,966	5,535,680	46,406,928	8,867,305	13,416,369
Communication Equipments	3,904,137	12,386	2,225,114	1,691,409	2,119,337	249,136	866,836	1,501,637	189,772	1,784,800
Motor Vehicles *	45,138,594	-	5,319,072	39,819,522	21,422,967	5,463,055	2,310,030	24,575,992	15,243,530	23,715,627
<b>Total</b>	<b>3,382,373,547</b>	<b>164,630,534</b>	<b>25,973,561</b>	<b>3,521,030,520</b>	<b>838,653,261</b>	<b>259,829,742</b>	<b>15,471,054</b>	<b>1,083,011,951</b>	<b>2,438,018,569</b>	<b>2,543,720,284</b>
<b>Previous Year</b>	<b>2,627,898,708</b>	<b>766,539,430</b>	<b>12,064,591</b>	<b>3,382,373,547</b>	<b>573,198,169</b>	<b>275,613,512</b>	<b>10,158,418</b>	<b>838,653,262</b>	<b>2,543,720,284</b>	

Addition information - (\*) Accumulated depreciation as on 1st April 2004 under Owned Assets includes accumulated depreciation of leased asset also.

### FIXED ASSETS - RESEARCH & DEVELOPMENT

(Amount in Rs.)

Particulars	Gross Block (At Cost)				Depreciation				Net Block	
	As at 01.04.2015	Additions during the year	Deductions during the year	As at 31.03.2016	As at 01.04.2015	For the year	Deductions during the year	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015
<b>Tangible Assets</b>										
Plant & Machinery	160,091,717	-	-	160,091,717	36,894,502	15,925,384	-	52,819,886	107,271,831	123,197,215
<b>Total</b>	<b>160,091,717</b>	<b>-</b>	<b>-</b>	<b>160,091,717</b>	<b>36,894,502</b>	<b>15,925,384</b>	<b>-</b>	<b>52,819,886</b>	<b>107,271,831</b>	<b>123,197,215</b>
<b>Previous Year</b>	<b>160,091,717</b>	<b>-</b>	<b>-</b>	<b>160,091,717</b>	<b>20,969,101</b>	<b>15,925,401</b>	<b>-</b>	<b>36,894,502</b>	<b>123,197,215</b>	

**FIXED ASSETS - TECHNICAL KNOW-HOW**

(Amount in Rs.)

Particulars	Gross Block (At Cost)				Amortisation				Net Block	
	As at 01.04.2015	Additions during the year	Deductions during the year	As at 31.03.2016	As at 01.04.2015	For the year	Deductions during the year	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015
<b>Intangible Assets</b>										
Technical Know-how	61,577,865	-	-	61,577,865	12,315,576	12,315,576	-	24,631,152	36,946,713	49,262,289
<b>Total</b>	<b>61,577,865</b>	<b>-</b>	<b>-</b>	<b>61,577,865</b>	<b>12,315,576</b>	<b>12,315,576</b>	<b>-</b>	<b>24,631,152</b>	<b>36,946,713</b>	<b>49,262,289</b>
Previous Year	-	61,577,865	-	61,577,865	-	12,315,576	-	12,315,576	49,262,289	-

	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
<b>11. CAPITAL WORK-IN-PROGRESS</b>		
Plant and Machinery	-	-
Building under Construction	-	32,754
Land	63,000	63,000
<b>Total</b>	<b>63,000</b>	<b>95,754</b>
Intangible assets under development		
Technical Know-how	6,562,500	-
<b>Total</b>	<b>6,625,500</b>	<b>95,754</b>

**12. NON CURRENT INVESTMENTS**

Details of Investments	Name of the Company	No. of Shares	Face Value	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
<b>Non - Trade Investments (Unquoted) Investments in Equity Instruments</b>					
Others					
Fully paid up	M/s. The Shamrao Vithal Co-operative Bank Ltd.	2,000	25	50,000	50,000
<b>Total</b>				<b>50,000</b>	<b>50,000</b>
<b>Additional Information</b>					
Aggregate value of unquoted investments					
Cost				50,000	50,000

**13. LONG TERM LOANS AND ADVANCES**

Capital advances	135,138,133	160,720,665
Security Deposit	17,527,220	24,847,220
Loans and advances to related parties	-	-
MAT Credit Entitlement	40,000,000	20,000,000
Advance payment of Tax (net of Provisions)	-	139,186,271
<b>Total</b>	<b>192,665,353</b>	<b>344,754,156</b>
<b>Additional Information</b>		
Breakup of above		
Unsecured, considered good	192,665,353	344,754,156

Notes on Consolidated Financial Statement for the year ended March 31, 2016 (contd.)

	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
<b>14. INVENTORIES</b>		
Raw materials	320,532,696	343,757,722
Work in progress	312,996,102	368,985,660
Finished goods	-	35,019,368
Stock in trade	217,746,408	4,702,681
Goods in transit:	-	-
Raw materials - At port	29,990,007	7,743,313
<b>Total</b>	<b>881,265,213</b>	<b>760,208,744</b>
<b>15. TRADE RECEIVABLES</b>		
Trade receivables exceeding six months	590,024,860	441,169,786
Others	1,266,425,491	1,263,207,339
<b>Total</b>	<b>1,856,450,352</b>	<b>1,704,377,125</b>
Less: Provision for bad and doubtful debts	304,008,077	152,886,242
<b>Total</b>	<b>1,552,442,275</b>	<b>1,551,490,883</b>
<b>Additional information</b>		
Breakup of above		
Secured, considered good	63,081,449	378,982,704
Unsecured, considered good	1,489,360,826	1,172,508,179
<b>Total</b>	<b>1,552,442,275</b>	<b>1,551,490,883</b>
<b>16. CASH AND BANK BALANCES</b>		
<b>Cash and cash equivalents</b>		
Balances with banks		
on current accounts	548,087,805	473,864,721
in deposit accounts less than 3 months maturity	-	10,000,000
Cash on hand	252,367	740,141
<b>Other bank balances</b>		
Balances with banks		
in margin money	71,600,000	72,487,271
in deposit accounts exceeding 12 months maturity	837,217,695	554,007,000
in deposit accounts exceeding 3 months but not exceeding 12 months	800,986,410	1,610,034,555
<b>Total</b>	<b>2,258,144,277</b>	<b>2,721,133,688</b>
<b>17. SHORT TERM LOANS AND ADVANCES</b>		
Rent Deposit	4,867,421	2,498,150
Balance with Statutory/ Govt authorities	239,223,357	373,716,276
Prepaid Expenses	9,096,862	13,328,801
Trade Advance	180,614,800	421,756,085
Interest accrued on term deposits	17,300,926	50,629,917

Notes on Consolidated Financial Statement for the year ended March 31, 2016 (contd.)

	As at 31.03.2016	As at 31.03.2015
	Rs.	Rs.
<b>Short term loans and advances (contd.)</b>		
Others	4,507,115	5,353,145
<b>Total</b>	<b>455,610,481</b>	<b>867,282,374</b>
<b>Additional information</b>		
Breakup of above		
Secured, considered good		
Unsecured, considered good	455,610,481	867,282,374

**18. CONTINGENT LIABILITIES AND COMMITMENTS**

(to the extent not provided for)

**Contingent Liabilities**

Guarantees

Letters of credit

The management believes, based on internal assessment and / or legal advice, that the probability of an ultimate adverse decision and outflow of resources of the Company is not probable and accordingly, no provision for the same is considered necessary.

**Commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)

Corporate Guarantee issued to the bankers of the subsidiary company

Corporate Guarantee issued on behalf of subsidiary company. (Japan WOS)

	827,075,951	759,300,701
	353,772,096	296,751,950
	9,639,203	89,393,155
	430,000,000	1,420,000,000
	-	17,506,701

Department of Income Tax (TDS Circle) have issued demand notice under section 201(1)/201(1a) of the Income Tax act, based on tax payer's data reflected in the computer system of the department for Short deduction/Short payments and interest thereon, for the financial years 2006-07, 2007-08, 2008-09, 2009-2010, 2010-2011 amounting to Rs. 754,934/- including Rs. 322,946/- towards interest on such short deduction/payment under Forms 27EQ, 26Q & 24Q. The company has pursued the matter with the department and the same is under appeal for such short deduction/late payment.

The company has submitted necessary documents for the EPCG licence No. 073001256 dt.10.07.2013 to the extent of Rs. 6.95 Crores and has completed the export obligation of Rs. 41.71 Crores along with annual average of Rs. 71.84 Crores against the licence, awaiting discharge certificate from JDGFT.

The Company has obtained EPCG licence No. 0730014370 dt. 31.03.2015 to the extent of Rs.1.92 Crores for importation of capital goods without payment of customs duties. Under the licence the company will have to fulfill the export obligation of Rs. 11.574 Crores along with annual average exports of Rs. 71.84 Crores from year 2014-15 to the year 2020-2021.

	Year Ended 31.03.2016	Year Ended 31.03.2015
	Rs.	Rs.
<b>19. REVENUE FROM OPERATIONS</b>		
<b>Sale of Goods</b>		
AC Generators	3,713,909,467	3,461,167,032
AC Generator Spares	356,524,304	298,859,700
Power Business Inland	530,418,374	235,848,797

## Notes on Consolidated Financial Statement for the year ended March 31, 2016 (contd.)

	Year Ended 31.03.2016 Rs.	Year Ended 31.03.2015 Rs.
<b>Revenue from operations (contd.)</b>		
Power Business Overseas Japan Branch	398,417,427	158,652,578
Power Business Overseas Japan WOS	287,050,973	504,055,330
Power Business Inland - EPC	119,107,718	1,314,183,219
Reserve for Future Contract - ADD / ( Less )	111,694,563	262,380,685
<b>Total</b>	<b>5,517,122,825</b>	<b>6,235,147,341</b>
<b>Sale of services</b>	108,896,757	265,728,674
<b>Other operating revenues</b>	43,267,624	51,421,455
<b>Total</b>	<b>5,669,287,205</b>	<b>6,552,297,470</b>
Less		
Intersegmental sales	178,702,447	78,404,308
Intercompany	48,956,670	282,131,368
Excise duty	374,115,935	217,342,599
<b>Total</b>	<b>5,067,512,153</b>	<b>5,974,419,195</b>
<b>20. OTHER INCOME</b>		
Interest income on Bank Deposits	129,789,051	186,815,299
Dividend Income		
- long term investments	6,000	6,000
Profit on sale of fixed assets	-	469,677
Provision no longer required withdrawn	-	38,633,285
Other non operating income (net of expenses directly attributable to such income)	72,088,995	19,090,963
<b>Total</b>	<b>201,884,046</b>	<b>245,015,224</b>
<b>21. COST OF MATERIALS CONSUMED</b>		
Consumption of raw materials	2,480,183,902	2,376,057,609
Consumption of stores and spare parts	28,103,553	38,056,420
<b>Total</b>	<b>2,508,287,455</b>	<b>2,414,114,029</b>
Consumption of major raw materials		
Copper (wires, strips, rods, sheet etc.)	358,226,445	400,749,595
Steel/ Laminations	347,418,748	370,655,308
Shaft Forgings	141,575,885	133,360,485
Others	1,632,962,824	1,471,292,221
<b>Total</b>	<b>2,480,183,902</b>	<b>2,376,057,609</b>
<b>Purchases for Projects &amp; EPC Business</b>	<b>1,079,574,976</b>	<b>2,001,843,924</b>

Notes on Consolidated Financial Statement for the year ended March 31, 2016 (contd.)

	Year Ended 31.03.2016 Rs.	Year Ended 31.03.2015 Rs.
<b>22. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS</b>		
Stocks at the end of the year		
Work in progress: A C Generators	312,996,102	368,985,660
Finished goods: A C Generators	-	35,019,368
<b>Total</b>	<b>312,996,102</b>	<b>404,005,028</b>
Less: Stocks at the beginning of the year		
Work in progress: A C Generators	368,985,660	502,714,353
Finished goods: A C Generators	35,019,368	17,949,689
<b>Total</b>	<b>404,005,028</b>	<b>520,664,042</b>
<b>Net (Increase) / Decrease in Stock</b>	<b>91,008,926</b>	<b>116,659,014</b>
<b>23. EMPLOYEE BENEFIT EXPENSES</b>		
Salaries and wages	458,146,138	469,372,366
Contribution to provident and other funds	61,856,580	48,776,588
Remuneration to whole time directors including contributions	23,870,864	32,251,834
Staff welfare expenses	116,643,548	101,926,383
<b>Total</b>	<b>660,517,129</b>	<b>652,327,171</b>
<b>24. FINANCE COSTS</b>		
Interest expense	49,815,031	38,868,804
<b>Total</b>	<b>49,815,031</b>	<b>38,868,804</b>
<b>25. DEPRECIATION AND AMORTIZATION</b>		
Depreciation	275,755,123	275,313,471
Amortization of intangible assets	12,315,576	12,315,575
<b>Total</b>	<b>288,070,699</b>	<b>287,629,046</b>
<b>26. OTHER EXPENSES</b>		
Power and fuel	56,087,994	61,566,693
Rent	15,352,766	22,291,243
Repairs and Maintenance		
Buildings	5,196,718	12,784,830
Machinery	27,448,332	22,319,844
Others	10,138,814	11,138,587
Insurance	7,163,369	14,189,394
Rates and taxes	2,693,146	2,229,005
Payment to the auditors		
as auditor	1,976,000	2,065,000
for taxation matters	621,250	840,000

## Notes on Consolidated Financial Statement for the year ended March 31, 2016 (contd.)

	Year Ended 31.03.2016 Rs.	Year Ended 31.03.2015 Rs.
<b>Other expenses (contd.)</b>		
for other services	1,252,961	822,444
Selling expenses	111,144,767	60,834,396
Provision for doubtful trade receivables	151,121,835	152,886,242
Loss on sale of fixed asset	3,086,036	278,668
Donations	1,590,458	763,991
Legal and professional charges	52,086,769	57,489,806
Directors sitting fees	1,831,950	1,326,744
Travelling and Conveyance	121,677,053	129,435,931
Bank Charges	20,713,647	23,609,503
Foreign Exchange Fluctuation	-	-
Postage, Telegrams and Telephones	11,651,170	12,127,088
Royalty	6,744,279	6,422,197
Software Expenses on ERP	13,960,170	16,964,156
Manufacturing Expenses	18,653,114	14,707,260
Vehicle Maintenance	5,703,911	8,066,798
Advertisement	4,259,123	3,062,189
Printing & Stationary	7,077,729	8,499,258
Subscription to Technical Associations, Journals & Magazines	2,043,528	1,697,538
<b>Total</b>	<b>661,276,892</b>	<b>648,418,805</b>

### 27. ADDITIONAL INFORMATION

Value of Imports calculated on CIF basis		
Raw Materials	580,542,320	490,417,866
Capital goods	67,285,616	13,690,613
Expenditure in foreign currency: (net of withholding tax)		
Others - On Payment Basis	84,811,482	87,701,918
Capital Equipment Purchased	41,622,232	31,544,012

Particulars	Amount (Rs.)	% to total	Amount (Rs.)	% to total
Value of imported raw materials, spare parts and components consumed	469,760,968	18.24%	492,684,179	19.96%
Value of indigenous raw materials, spare parts and components consumed	2,106,345,225	81.76%	1,976,227,964	80.04%
<b>Total</b>	<b>2,576,106,193</b>	<b>100.00%</b>	<b>2,468,912,143</b>	<b>100.00%</b>

Details of non-resident shareholdings		
Number of non-resident shareholders	109	65
Number of shares held by non-resident shareholders	7,922,746	8,181,185
Earnings in foreign exchange		
Export of goods calculated on FOB basis	1,764,215,818	1,440,949,582
Royalty, Know-how, professional and consultancy fees	11,607,061	8,561,260
Other Income	2,076,051	1,054,622



Notes on Consolidated Financial Statement for the year ended March 31, 2016 (contd.)

	Year Ended 31.03.2016 Rs.	Year Ended 31.03.2015 Rs.
<b>28. EARNINGS PER SHARE</b>		
<i>After extraordinary item:</i>		
Profit / Loss for the year after tax expense	(91,853,970)	(8,283,814)
Weighted average number of equity shares	33,237,588	33,237,588
<b>Earning per share</b>	(2.76)	(0.25)
<b>29. DISCLOSURES AS PER ACCOUNTING STANDARD 15 "EMPLOYEE BENEFITS"</b>		
<b>Defined Contribution Plan</b>		
Employer's Contribution to Provident Fund & Pension Scheme	21,704,697	23,649,543
Employer's Contribution to Superannuation Fund	-	-

**Defined Benefit Plan**

The employees' gratuity fund scheme managed by a trust is a defined benefit plan. The Present value of obligation is determined based on actuarial valuation using the projected unit credit method.

	Current Year (Rs.)		Previous Year (Rs.)	
	Gratuity (Funded)	Leave (Unfunded)	Gratuity (Funded)	Leave (Unfunded)
<b>Defined Benefit obligation at beginning of the reporting period</b>	43,319,920	47,690,902	36,622,843	39,958,869
Current Service Cost	5,024,068	13,343,996	5,471,999	20,053,913
Interest Cost	3,378,482	2,883,471	2,948,745	3,446,649
Acquisition adjustment	(6,195,926)	(6,337,171)	-	-
Actuarial (gain)/ loss	4,760,585	(3,682,553)	2,081,150	(10,373,013)
Benefits Paid	(6,293,709)	(8,772,424)	(3,804,817)	(5,395,516)
Defined Benefit obligation at end of the reporting period	43,993,420	45,126,221	43,319,920	47,690,902
<i>Obligations at end of the period -Current</i>	4,999,471	6,833,421	4,170,805	5,128,229
<i>Obligations at end of the period -Non -Current</i>	38,993,949	38,292,800	39,149,115	42,562,673
<b>Reconciliation of opening and closing balance of fair value of plan assets</b>				
Fair value of plan assets at beginning of the reporting period *	59,537,432	-	51,759,730	-
Acquisition adjustment	(6,195,926)	-	-	-
Expected return on plan assets	4,932,366	-	4,679,419	-
Employer Contribution	15,244,199	-	6,780,874	-
Benefits paid	(6,293,709)	-	(3,804,817)	-
Actuarial gain/(loss)	132,457	-	122,226	-
Fair value of plan assets at reporting period	67,356,819	-	59,537,432	-
<b>Reconciliation of fair value of assets &amp; obligations</b>				
Fair value of plan assets	67,356,819	-	59,537,432	-
Present value of obligation	(43,993,420)	-	(43,319,920)	-

## Notes on Consolidated Financial Statement for the year ended March 31, 2016 (contd.)

	Current Year (Rs.)		Previous Year (Rs.)	
	Gratuity (Funded)	Leave (Unfunded)	Gratuity (Funded)	Leave (Unfunded)
<b>Disclosures as per Accounting Standard 15 "Employee Benefits" (contd.)</b>				
Funded assets in excess of obligation of prior years	(23,363,399)	-	(16,217,512)	-
Amount recognised in B/S under liabilities	-		-	
<b>Expense recognised during the year</b>				
Current Service Cost	12,169,955	13,343,996	8,445,051	20,053,913
Interest Cost	3,378,482	2,883,471	2,948,745	3,446,649
Expected return on plan assets	(4,932,366)	-	(4,679,419)	-
Actuarial (gain)/ loss	4,760,585	(3,682,553)	1,958,924	(10,373,013)
<b>Net Cost</b>	<b>15,376,656</b>	<b>12,544,914</b>	<b>8,673,301</b>	<b>13,127,549</b>
<b>Actuarial assumptions</b>				
Mortality Table	1994 –96 (Ultimate)	Indian Assured Lives Mortality (2006-08) (modified) ULT	1994 – 96 (Ultimate)	Indian Assured Lives Mortality (2006-08) (modified) ULT
Discount rate (per annum)	7.80%	7.80%	7.80%	7.80%
Expected rate of return on plan assets (per annum)	8.00%	NA	8.00%	NA
Rate of escalation in salary (per annum)	7.00%	7.00%	7.00%	7.00%
The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is as certified by the actuary.				

**30. SEGMENT REPORTING**

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

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

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

Notes on Consolidated Financial Statement for the year ended March 31, 2016 (contd.)

Segment Reporting (Contd.)

PRIMARY SEGMENT

Current Year (Amt in Rs.)

Particulars	Manufacturing	Project Business	EPC	Common	Total
<b>Segment Revenues</b>					
External Revenues	3,816,407,614	1,247,961,376	230,802,281	-	5,295,171,270
Intersegment/Company revenues	(178,702,447)	-	-	-	(178,702,447)
Intercompany	(38,903,032)	-	(10,053,638)	-	(48,956,670)
<b>Total Revenues</b>	<b>3,598,802,135</b>	<b>1,247,961,376</b>	<b>220,748,643</b>	<b>-</b>	<b>5,067,512,154</b>
<b>Segment Results</b>					
Profit Before Taxation and Interest	287,884,251	35,599,765	(217,909,724)	(38,727,520)	66,846,771
Less: Interest	48,144,944	78	1,670,009	-	49,815,031
Less: Depreciation & Amortization	283,450,362	257,937	4,070,071	292,327	288,070,697
<b>Total</b>	<b>(43,711,055)</b>	<b>35,341,750</b>	<b>(223,649,804)</b>	<b>(39,019,847)</b>	<b>(271,038,957)</b>
<b>Unallocable &amp; Other Income (including Extraordinary items)</b>					
Less: Tax	64,117,562	62,515,846	-	75,250,635	201,884,042
	7,504,282	12,080,387	-	3,114,392	22,699,061
<b>Total Profit</b>	<b>12,902,225</b>	<b>85,777,209</b>	<b>(223,649,804)</b>	<b>33,116,396</b>	<b>(91,853,974)</b>

Previous Year (Amt in Rs.)

<b>Segment Revenues</b>					
External Revenues	3,767,595,957	990,795,010	1,576,563,904	-	6,334,954,871
Intersegment revenues	(78,404,308)	-	-	-	(78,404,308)
Intercompany	(282,131,368)	-	-	-	(282,131,368)
<b>Total Revenues</b>	<b>3,407,060,281</b>	<b>990,795,010</b>	<b>1,576,563,904</b>	<b>-</b>	<b>5,974,419,194</b>
<b>Segment Results</b>					
Profit Before Taxation and Interest	401,731,990	17,443,037	(240,448,418)	(37,670,357)	141,056,252
Less: Interest	36,753,013	446,492	1,669,299	-	38,868,804
Less: Depreciation & Amortization	280,418,639	257,937	6,660,143	292,327	287,629,046
<b>Total</b>	<b>84,560,338</b>	<b>16,738,608</b>	<b>(248,777,860)</b>	<b>(37,962,684)</b>	<b>(185,441,598)</b>
<b>Unallocable &amp; Other Income (including Extraordinary items)</b>					
Less: Tax	80,386,285	32,614,910	-	132,014,029	245,015,224
	60,406,873	7,310,481	-	140,086	67,857,440
<b>Total Profit</b>	<b>104,539,750</b>	<b>42,043,037</b>	<b>(248,777,860)</b>	<b>93,911,259</b>	<b>(8,283,814)</b>

(Amt in Rs.)

	Manufacturing	Project Business	EPC	Common	Total
<b>Segment Assets -Current Year</b>	4,752,837,495	927,859,211	220,763,253	2,027,580,253	7,929,040,212
Previous Year (2014-2015)	5,028,122,063	855,757,001	535,257,033	2,542,059,291	8,961,195,388
<b>Segment Liabilities -Current Year</b>	1,482,091,700	657,394,115	625,479,773	1,634,609	2,766,600,197
Previous Year (2014-2015)	1,554,107,189	624,866,370	969,531,398	15,677,212	3,164,182,169
<b>Capital Expenditure (Net of disposal) - Current Year</b>	149,557,098	-	(10,900,125)	-	138,656,973
Previous Year (2014-2015)	817,916,930	-	(1,864,226)	-	816,052,704

## Notes on Consolidated Financial Statement for the year ended March 31, 2016 (contd.)

### Segment Reporting (Contd.)

#### GEOGRAPHICAL SEGMENT

	Segment revenue by Geographical Market	
	Current Year Rs.	Previous Year Rs.
Sales of India	4,564,589,029	5,476,405,260
Sales of overseas	730,582,242	858,549,611
Less: Inter-segmental sales	(178,702,447)	(78,404,308)
Less: Inter-company	(48,956,670)	(282,131,368)
<b>Total</b>	<b>5,067,512,154</b>	<b>5,974,419,195</b>

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

	Carrying amounts of segment assets (Amt in Rs.)		Additions to fixed assets & Intangible assets (Amt in Rs.)	
	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
Located in India	6,988,945,076	8,007,366,647	138,656,973	815,401,990
Located outside India	940,095,136	953,828,741	-	650,714
<b>Total</b>	<b>7,929,040,212</b>	<b>8,961,195,388</b>	<b>138,656,973</b>	<b>816,052,704</b>

### 31. RELATED PARTIES DISCLOSURE

Name of the Related Party	Relationship
Nikhil Kumar	Key Managerial Personnel and their Relatives.
Mohib Khericha	Key Managerial Personnel and their Relatives.
K G Prabhakar	Key Managerial Personnel and their Relatives.
N Srivatsa	Key Managerial Personnel and their Relatives.
Sagir Khericha	Key Managerial Personnel and their Relatives.
B C Harish	Key Managerial Personnel and their Relatives.

INTENTIONALLY LEFT BLANK

Notes on Consolidated Financial Statement for the year ended March 31, 2016 (contd.)

Related Parties Disclosure (contd.)

(Amt in Rs.)

Nature of transactions	Subsidiary	Key management personnel and their Relatives	Enterprises over which Key Managerial Personnel and their Relatives are able to exercise significant influence
Directors Remuneration and Commission Nikhil Kumar		19,528,828 (22,818,400)	-
K. G. Prabhakar		4,812,980 (4,799,116)	-
Key Managerial Personnel N. Srivatsa		4,030,193 (4,030,193)	-
Relative of Director Sagir M. Khericha		809,066	-
Remuneration Paid B. C. Harish		7,078,161 (3,750,000)	-
Directors Sitting fees Mohib Khericha		400,300 (320,000)	-
Directors Sitting fees Hitoshi Matsuo		(40,000)	-
Lease Rent Paid Mohib Khericha		1,350,000 (2,700,000)	-
Rent Paid (including service tax) G. S. Raju		(198,444)	-
Rent Paid (including service tax) Pavan Ganapati Raju		(77,175)	-

32. OPERATING LEASES

The Company has various operating leases for office facilities, guesthouse and residential premises of employees that are renewable on a periodic basis, and cancelable at its option. Rental expenses for operating leases included in the financial statements for the year are Rs. 15,352,766/- (Previous year Rs. 23,441,330/-).

33. During the year the Company has made provisions towards warranty claims and Compensated Leave/Sick leave encashment the details of the same are as under

As at 31.03.2016  
(Amt in Rs.)

	Warranty claims	Compensated leave / Sick Leave
Balance outstanding at the beginning of the year	20,094,498	15,677,212
Provision for the year	3,094,316	-
Utilized during the year	-	14,042,603
Withdrawn and credited to Statement of Profit and Loss	-	-
Balance outstanding at the end of the year	23,188,814	1,634,609

## Notes on Consolidated Financial Statement for the year ended March 31, 2016 (contd.)

	As at 31.03.2016		As at 31.03.2015	
<b>34. Foreign currency exposures which have not been hedged by any derivative Instruments or otherwise as at end of the reporting period is as follows:</b>				
<b>Hedged</b>				
Sell Contracts	In USD	In Rupees	In USD	In Rupees
USD (Hedge of expected future sales)	Nil	Nil	1,657,390.40	108,285,119
<b>Unhedged</b>				
Assets (Receivables)		637,545,123		657,877,894
Liabilities (payables)		320,128,987		509,243,958

<b>35. The disclosure as per revised as-7 in respect of contract in progress at the end of year</b>		(Amt in Rs.)
Contract revenue	3,080,044,372	8,101,802,020
Cost incurred	3,581,911,742	7,655,003,109
Recognised profit (Less recognized losses)	(501,867,370)	446,798,911
Amount of advance received	23,805,584	42,323,260
Amount of retentions (Deferred debts)	341,276,551	386,050,533
In respect of dues from customer after appropriate netting off	-	-
Gross amount due from customer for contract work as an asset	110,670,182	238,555,722
Gross amount due to customer for contract work as liability	-	-
Contingencies	Nil	Nil

### 36. CORPORATE SOCIAL RESPONSIBILITY

- A** 1. Gross amount required to be spent by the company during the year - Rs. 11,054,556/-  
2. Amount spent during the year on

Sl. Towards No.	(Amt in Rs.)		
	Spent	To be spent	Total
1. Construction/acquisition of any asset	-	-	-
2. On purposes other than (1) above	6,889,760	4,164,796	11,054,556

- B** 1. Gross amount required to be spent by DF Power Systems Private Limited during the year - Rs. 87,241/-  
2. Amount spent during the year on

Sl. Towards No.	(Amt in Rs.)		
	Spent	To be spent	Total
1. Construction/acquisition of any asset	-	-	-
2. On purposes other than (1) above	-	87,241	87,241

Notes on Consolidated Financial Statement for the year ended March 31, 2016 (contd.)

37. a. The Group does not have any pending litigations which would impact its financial position as on the reporting date.
- 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.
- 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 Entity in CFS	Net Assets i.e., total assets minus total liabilities		Share in profit or loss	
	As % of Consolidated net assets	Amount (Thousand)	As % of Consolidated profit or loss	Amount (Thousand)
<b>Parent</b>				
TD Power Systems Limited	99.73%	4,720,109.28	-163.07%	149,788.21
<b>Subsidiaries</b>				
<b>Indian</b>				
DF Power Systems Private Limited	0.13%	6,344.46	221.01%	(203,005.61)
<b>Foreign</b>				
TD Power Systems USA Inc	-0.85%	(40,452.40)	36.77%	(33,774.76)
TD Power Systems Japan Limited	0.77%	36,493.01	2.21%	(2,029.41)
TD Power Systems Europe GmbH	0.22%	10,250.42		(2,832.41)
<b>Total</b>	<b>100.00%</b>	<b>4,732,744.75</b>	<b>100.00%</b>	<b>-91,853.97</b>

- e. Previous Year figures have been regrouped wherever required in conformity with the presentation for the current reporting period.

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[www.tdps.co.in](http://www.tdps.co.in)

**TD Power Systems Limited**

REGISTERED OFFICE & FACTORY:  
27, 28 and 29, KIADB Industrial Area  
Dabaspeta, Nelamangala Taluk  
Bengaluru Rural District  
Bengaluru – 562 111 India