

**TD POWER SYSTEMS LIMITED  
BANGALORE – 562 111.**

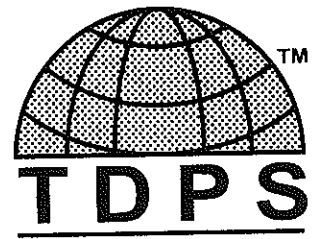
**12<sup>th</sup>**

**ANNUAL REPORT**

**Balance Sheet and Profit and loss account for the year ended 31<sup>st</sup> March 2011**

**TD POWER SYSTEMS LIMITED**  
**BANGALORE – 562 111**

- BOARD OF DIRECTORS : MESSERS  
Mohib Khericha  
Hitoshi Matsuo  
Nikhil Kumar  
Tadao Kuwashima  
Salil Baldev Taneja  
Nandita Lakshmanan  
Dr. Arjun Kalyanpur  
Nithin Bagamane
- SECRETARY : N Srivatsa
- AUDITORS : M/s B.K. Ramadhyani & Co.  
Malleswaram  
Bangalore – 560 055
- BANKERS : Bank of Baroda,  
Corporate Financial Services Branch  
Bank of Tokyo – Mitsubishi UFJ Ltd, Tokyo
- REGISTERED OFFICE & WORKS : Plot No 27, 28 & 29,  
KIADB Industrial Area,  
Dobuspet, Nelamangala Taluk,  
Bangalore – 562 111
- CITY OFFICE : RMJ Mandoth Towers”, No. 37  
7<sup>th</sup> Cross, Vasanthnagar  
Bangalore -560 052



# TD Power Systems Limited

## NOTICE

### **For Members only**

NOTICE is hereby given that the Annual General Meeting of the Members of the Company will be held on Saturday, 25<sup>th</sup> June 2011 at 11 AM at the Registered Office of the Company at # 27,28 & 29, KIADB Industrial Area, Dabaspeta, Nelamangala Taluk, Bangalore -562 111, to transact the following business: -

### ORDINARY BUSINESS:

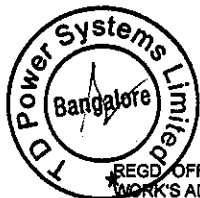
1. To receive, consider and adopt the Balance Sheet as at March 31 2011, the Profit and Loss Account for the period on that date and the Report of the Directors' and Auditors' thereon.
2. To declare Dividend on Equity Shares for the financial year ended March 31 2011.
3. To appoint a Director in place of Mr. Mohib N. Khericha who retires by rotation and being eligible seeks reappointment.
4. To appoint a Director in place of Ms. Nandita Lakshmanan who retires by rotation and being eligible seeks reappointment.
5. To appoint M/s. B.K. Ramadhyani & Co., Chartered Accountants, Bangalore as Auditors of the Company and to authorize the Board of Directors to fix their remuneration.
6. To appoint Mr Mitsuo Sekino as Branch Auditor of the Japan Branch and to authorize the Board of Directors to fix his remuneration.

### SPECIAL BUSINESS

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

RESOLVED THAT, subject to approval of the Central Government, as and when applicable the following remuneration, other perquisites and benefits be paid to the Managing Director, Mr. Hitoshi Matsuo for the period January 17 2011 to March 31 2011 (being the period from the date of conversion as Public Limited Company to the end of the financial year 2011) and for the period April 1 2011 to March 31 2012 in terms of the agreement dated March 25 2008:

1. Salary of Rs. 9, 11,026/- per month from January 17, 2011 with an annual increase of 10% from April 1 every year.



REGD. OFFICE / : # 27, 28 & 29, KIADB INDL. AREA, DABASPETA, NELAMANGALA TALUK, BANGALORE - 562 111, INDIA.  
WORK'S ADDRESS TEL.: + (91) (80) 22995700 / 66337700, FAX : + (91) (80) 77-34439 / 22995718, WEBSITE : www.tdps.co.in

CITY OFFICE : "RMJ MANDOTH TOWERS", NO. 37, 7TH CROSS, VASANTHINAGAR, BANGALORE - 560 052, INDIA.  
TEL. : +(91) (80) 22017800, FAX : +(91) (80) 22017850 / 851

JAPAN OFFICE : TOHWA BUILDING, 4TH FLOOR, 3-3, KITASHINAGAWA, 3-CHOME, SHINAGAWA-KU, TOKYO - 1400001, JAPAN.  
ADDRESS TEL NO. : 0081-3-5783-5380, FAX NO. : 0081-3-5783-5381

2. Commission 3% on the Profits of the Company (Profit Before Tax)
3. Other benefits:
  - a. Provident Fund Contribution at 12% of the Salary.
  - b. Gratuity at half a month's salary for each completed year of service.
  - c. Reimbursement of telephone expenses and running expenses of the car used for official purposes.
4. Leave facilities
  - a. Privilege Leave at the rate of one month for every completed year of service as per the rules of the Company.
  - b. Casual & Sick leave as per the rules of the Company.

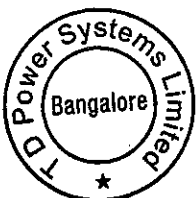
5. Compensation

In the event of determination of the contract by the Company before the contract period, the Company shall pay Mr.Hitoshi Matsou a compensation for the unexpired period of the contract at equal to and same terms had the contract been continued.

8. **To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:**

**RESOLVED THAT**, subject to the approval of the shareholders and Central Government as and when applicable, Mr. Nikhil Kumar be and is hereby re-appointed as Joint Managing Director of the Company for a period of 5 (five) years w.e.f. January 17, 2011 i.e. upto January 16, 2016 and the following Remuneration (including salary, commission, other perquisites and benefits) be paid to Mr. Nikhil Kumar the Joint Managing Director of the Company for the period January 17 2011 to March 31 2011 (being the period from the date of conversion as Public Limited Company to the end of the financial year 2011) and for the period April 1 2011 to January 16 2014 with liberty to draw the said remuneration either wholly from the Company and or from the wholly owned subsidiary DF Power Systems Private Limited or partly from either of the Companies subject to the condition that Mr. Nikhil Kumar shall draw only the highest of the remuneration from the Company or it's subsidiary:

1. Salary of Rs. 10,00,000/- per month from January 17 2011 with an annual increase of 10% from October 1st every year.
2. Commission at 7 % on the Profits of the Company (Profit before Tax) with effect from January 17 2011.



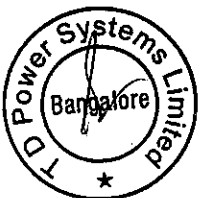
3. Perquisites
  - a) Company provided residential Accommodation.
4. Other benefits:
  - a) Provident Fund Contribution at 12% of the Salary
  - b) Gratuity at half a month's salary for each completed year of service.
5. Reimbursements
  - a) Reimbursement of actual expenses incurred on travel and stay outside Bangalore on company's work.
  - b) Reimbursements of medical expenses of a sum not exceeding one month's salary in each year.
  - c) Reimbursement of telephone expenses and running expenses of the car used for official purposes.
6. Leave facilities
  - a) Privilege Leave at the rate of one month for every completed year of service as per the rules of the Company.
  - b) Casual & Sick leave as per the rules of the Company.
  - c) Leave travel Assistance a sum of not exceeding one month's salary in each year.
7. Compensation:

In the event of determination of the contract by the Company before the contract period, the Company shall pay Mr. Nikhil Kumar a compensation for the unexpired period of the contract at equal to and same terms had the contract been continued.

**FURTHER RESOLVED** that the Company do enter in to an agreement with the Jt. Managing Director which shall be signed by a Director on behalf of the Company.

**9. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution**

**RESOLVED THAT**, subject to approval of the Central Government as and when applicable, the following remuneration, other perquisites and benefits be paid to Mr. Tadao Kuwashima Director -Technical w.e.f. April 1 2010 including for the period January 17 2011 to March 31 2011 (being the period from the date of conversion as public limited Company to the end of the financial year 2011) and for the period April 1 2011 to August 31 2012 in terms of the letter dated July 2 2009 revised vide letter dated August 2 2010:

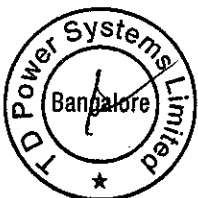


1. Salary of Rs.7, 00,000/- per month from January 17 2011 with an annual increase of 10% from August 1 every year.
2. Annual ex gratia payment not exceeding 2 months' cost to Company (CTC-as applicable to all the employees of the Company) at the discretion of the Board of Directors.
3. Other benefits:
  - a. Provident Fund Contribution at 12% of the Salary.
  - b. Gratuity at half months' salary for every completed year of Service
  - c. Reimbursement of telephone expenses and running expenses of the car used for official purposes.
4. Leave facilities
  - a. Privilege Leave at the rate of one month for every completed year of service as per the rules of the Company.
  - b. Casual & Sick leave as per the rules of the Company.

**10. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:**

**RESOLVED THAT**, subject to approval of the Central Government, Mr. Hitoshi Matsuo be re-appointed as Managing Director of the Company for a further period from April 1 2012 to September 30 2012 on the following remuneration, other perquisites and benefits:

1. Salary at Rs. 10, 02,128.00 per month.
2. Commission @ 3% on the Profits of the Company (Profit before Tax)
3. Other benefits:
  - a. Provident Fund Contribution at 12% of the Salary
  - b. Gratuity at half a month's salary for each completed year of service.
  - c. Reimbursement of telephone expenses and running expenses of the car used for official purposes.
4. Leave facilities
  - a. Privilege Leave at the rate of one month for every completed year of service as per the rules of the Company.
  - b. Casual & Sick leave as per the rules of the Company.



5. Compensation

In the event of determination of the contract by the Company before the contract period, the Company shall pay Mr. Hitoshi Matsou a compensation for the unexpired period of the contract at equal to and same terms had the contract been continued.

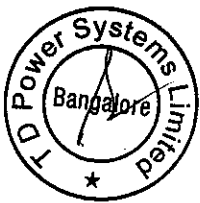
Bangalore  
May 30, 2011

By Order Of the Board  
for TD Power Systems Limited

  
N. Srivatsa  
Company Secretary

**Note:**

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy instead of himself and a proxy shall be a member.
2. Proxies in order to be effective must be deposited with the Company not less than 48 hours before the meeting.
3. The Register of Members and the transfer books of the Company will be closed from June 20 2011 up to June 25 2011 both days inclusive.
4. The Dividend on Equity Shares as recommended by the Directors, if declared at the Meeting, will be paid within the statutory period of 30 days to those members whose names appear on the Register of Members of the Company as on June 25, 2011.



ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

**Item No. 7- Approval of remuneration payable to the Managing Director**

Mr. Hitoshi Matsuo was appointed as Managing Director of the Company and an agreement was entered into on April 1, 2002 and was reappointed for a further period of 3 years from April 1, 2005 in terms of the Board resolution dated July 26 2005. By a resolution passed in the meeting held on March 20 2008, the Board of Directors further renewed the term of Mr. Hitoshi Matsuo as Managing Director for a further period of 4(Four) years commencing from April 1 2008 to March 31 2012 subject to Remuneration and other terms and conditions as per the agreement dated April 1 2002 amended from time to time by a resolution of the Board of Directors.

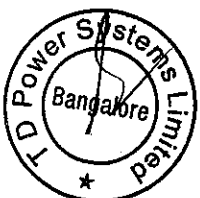
The Company converted to a Public Limited Company wef January 17 2011 and the remuneration paid or payable to the Managing Director, falls under the provisions of Para C of part II Schedule XIII of the Companies Act 1956 as the remuneration is in excess of the scale prescribed under the said Para. Further, in terms of the said Para C of Part II of Schedule XIII, amongst other requirements, it is required that the remuneration payable to the Managing Director Mr. Hitoshi Matsuo for the period January 17 2011 to March 31 2011 (being the pro rata period on conversion) and the period April 1 2011 to March 31 2012 is to be approved by the Shareholders of the Company by a special resolution passed at the general meeting.

**General Information:**

The Company was incorporated on April 16 1999 as a Private Limited Company with registered office is located at # 27, 28 & 29, KIADB Industrial Area, Dabaspeta, Nelamangala Taluk, Bangalore 562 111, Karnataka, India.

The authorised Share capital of the Company is Rs.350, 000,000 divided into 35,000,000- Equity Shares of Rs. 10 each and the paid-up capital is Rs. 243,704,010 divided into 24,370,401 Equity Shares of Rs. 10 each.

The Company commenced manufacturing operations in the year 2001. The Company is one of the leading manufacturers of AC Generators with output capacity in the range of 1 MW to 52 MW for prime movers such as steam turbines, gas turbines, hydro turbines, wind turbines, diesel and gas engines and focuses on manufacturing custom-designed generators for customers who are based across the world. In addition to manufacturing AC Generators, the Company also executes Turbine Generator ("TG") island projects for steam turbine power plants with output capacity up to 52 MW using a Japanese turbine combined with generator manufactured by it.





Currently, the Company has 4 technology/license and Product Development Cooperation and Manufacturing arrangements with international electrical equipment manufacturers and has also licensed its technology to transnational electrical equipment giant.

The following is the summary of financial highlights for the last three financial years:

(Rs in lacs)

Particulars	March31 2011	March 312010	March 31 2009
Gross Sales	58788.02	45455.82	47871.25
Total Income	49482.33	45976.93	714.00
Profit Before Tax	6267.71	5218.18	5508.28
Profit After Tax	4164.03	3302.30	3698.33
Paid up Share Capital	2437.04	634.36	634.36
Reserves & Surplus	15314.36	11775.13	8843.92
Net worth	17751.40	12409.49	9478.28
Dividends	487.41	317.18	317.18
Dividends (%)	20%	50%	50%

The Company's turnover and profits have grown significantly during the last 3 years with consistent dividend record.

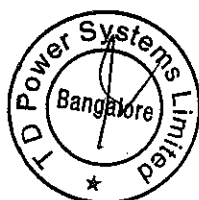
**Background details of Mr. Hitoshi Matsuo:**

Mr. Matsuo, a Japanese national holds a Masters in Engineering (Electrical Engineering) from Kanazawa University, Japan. He was working as General Manager of the marketing division of Toyo Denki Seizo KK, Japan (TDK), handling Indian Markets in TDK for more than 20 years.

**Job profile and suitability:**

His knowledge and familiarity with the Indian markets as well marketing and technical skills were indispensable to the Company to manufacture and sell Generators in the Indian Markets. He has over 44 years of work experience in high voltage vacuum contactor design, power plant engineering and power plant sales. He is currently responsible for managing the Japan business operations of our Company in addition to his function as the Managing Director.

Under his leadership, the Company has continuously registered profits, paid dividends, and expanded markets. The current remuneration package is in terms of the Agreement dated April 1 2002 amended from time to time by a resolution of the Board of Directors (entered into and passed prior to conversion of the Company to a public Company). The remuneration committee of the Board considered various aspects as above while approving the remuneration as stated in the Resolution as appropriate to retain a person of his qualification, competence and experience. The said remuneration package represents current market practice and trends prevalent in the country.



Mr. Hitoshi Matsuo is one of the promoters of the Company and holds 17.38 %of the Equity of the Company.

During the last 3 financial years Mr. Hitoshi Matsuo's total remuneration was Rs.289.20 lacs (2009-10), Rs. 288.97lacs (2008-09) and Rs. 277.44 lacs (2007-08).

**Reasons for inadequacy of profits:**

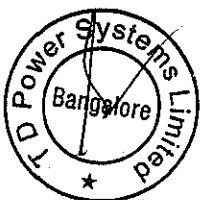
As the remuneration is in excess of 5% of the net profits, the net profit is inadequate.

The Board of Directors accordingly, recommends the resolution as set out in Item No.7 of the Notice for your approval. None of the Directors of the Company, other than Mr. Hitoshi Matsuo is interested or concerned in the resolution.

**Item No. 8- Approval of remuneration payable to the Joint Managing Director**

Mr. Nikhil Kumar was appointed as Joint Managing Director of the Company for a period of 10 years commencing October 1 2001 to September 30 2010 by an agreement entered into on February 2, 2002. By a resolution of the Board of Directors at their meeting held on April 12, 2010, the said term was further extended by 10 years up to September 30 2019 commencing from October 1 2009 and an agreement was entered into on Apr 12, 2010 containing the terms and conditions of the said appointment. Consequent to the conversion as a Public Limited Company wef January 17, 2011, the term of office of Mr. Nikhil Kumar as Joint Managing Director would be restricted to 5 years from the date of conversion as Public Limited Company i.e. January 17, 2011 to January 16, 2016. Accordingly, the Board of Directors of the Company approved re- appoint Mr. Nikhil Kumar as Joint Managing Director for a period of 5 years wef. January 17 2011 i.e., up to January 16 2016. The remuneration paid or payable to the Joint Managing Director falls under the provisions of Para C of part II Schedule XIII of the Companies Act 1956as the remuneration is in excess of the scale prescribed under the said Para. Further, in terms of the said Para C of Part II of Schedule XIII, amongst other requirements, it is required that the remuneration payable to the Joint Managing Director Mr. Nikhil Kumar for the period January 17 2011 to March 31 2011 (being the pro rata period on conversion) and the period April 1 2011 to January 16 2014 is to be approved by the Shareholders of the Company by a special resolution although the remuneration committee approved the payment of remuneration for a period of 5 years i.e. from January 17 2011 to January 16 2016

Further, since Mr. Nikhil Kumar, Joint Managing Director is also the Managing Director of the wholly owned subsidiary DF Power Systems Private Limited, the remuneration of Mr. Nikhil Kumar from the Company and its wholly owned subsidiary DF Power Systems Private Limited shall be limited to the



highest of the remuneration from this Company or the subsidiary Company, in terms of Section III of Schedule XIII of the Companies Act 1956.

**General information:**

The Company was incorporated on April 16 1999 as a Private Limited Company with registered office is located at # 27, 28 & 29, KIADB Industrial Area, Dabaspeta, Nelamangala Taluk, Bangalore, 562 111, Karnataka, India.

The authorised Share capital of the Company is Rs. 350,000,000 divided into 35, 000,000- Equity Shares of Rs. 10 each and the paid-up capital is Rs. 243,704,010 divided into 24,370,401 Equity Shares of Rs. 10 each.

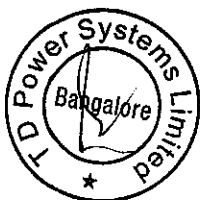
The Company commenced manufacturing operations in the year 2001. The Company is one of the leading manufacturers of AC Generators with output capacity in the range of 1 MW to 52MW for prime movers such as steam turbines, gas turbines, hydro turbines, wind turbines, diesel and gas engines and focuses on manufacturing custom-designed generators for customers who are based across the world. In addition to manufacturing AC Generators, the Company also executes Turbine Generator (“TG”) island projects for steam turbine power plants with output capacity up to 52 MW using a Japanese turbine combined with generator manufactured by it.

Currently the Company has 4 technology/license and Product Development Cooperation and Manufacturing arrangements with international electrical equipment manufacturers and has also licensed its technology to transnational electrical equipment giant.

The following is the summary of financial highlights for the last three financial years:

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Net worth	17751.40	12409.49	9478.28
Dividends	487.41	317.18	317.18
Dividends (%)	20%	50%	50%

The Company’s turnover and profits have grown significantly during the last 3 years with consistent dividend record.

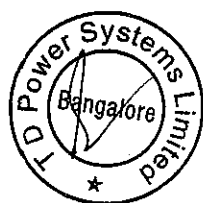


**Background details of Mr. Nikhil Kumar:**

Mr. Nikhil Kumar is an Engineer by qualification and has also studied General Management in Harvard Business School in 1997. He has over 20 years of work experience in the manufacturing business of electrical rotating machines. He has worked in Kirloskar Electric Company from 1990 to 2000 as a General Manager in charge of their Bangalore factory.

**Job profile and suitability:**

1. His knowledge and familiarity with the Indian markets as well marketing and technical skills were indispensable to the Company to manufacture and sell Generators in the Indian Market.
2. He took charge of the manufacturing operations since inception bringing in significant improvements in processes and technology.
3. The marketing strategies initiated by him since inception has enabled the Company to achieve a preeminent position in the Indian Market. He has been singularly responsible in striking technology and manufacturing alliances with world renowned electrical equipment manufacturers enabling the Company to access latest technologies.
4. He is currently responsible for overall management of the Company's operations, strategic planning, technology alliances and sales and marketing. Under his leadership, the Company has continuously registered profits, paid dividends, and expanded markets, achieved impressive growth and is preparing to launch its Initial Public offer.
5. He is also one of the founders and has invested in the Company initially and as and when required to provide adequate capital for the Company's growth.
6. His responsibilities are likely to increase substantially in view of the proposed IPO of the Company.
7. In addition to the responsibilities of the Company, he also shoulders the responsibility of the management and nascent operations of the subsidiary Company which is in a very competitive business of providing EPC services.
8. The current remuneration package is in terms of the Agreement dated April 12 2010 (entered into prior to conversion of the Company to a public Company).
9. The remuneration committee of the Board considered various aspects as above while approving the remuneration as stated in the Resolution as appropriate to retain a person of his



qualification, competence and experience. The said remuneration package represents current market practice and trends prevalent in the country.

10. Mr. Nikhil Kumar is one of the promoters of the Company and holds 21.09% of the Equity of the Company.
11. During the last 3 financial years Mr. Nikhil Kumar's total remuneration was Rs.290.83 lacs (2009-10), Rs. 254.59 lacs (2008-09) and Rs.240.54 lacs (2007-08).

**Reasons for inadequacy of profits:**

As the remuneration is in excess of 5% of the net profits, the net profit is inadequate.

The Board of Directors accordingly, recommends the resolution as set out in Item No.8 of the Notice for your approval. None of the Directors of the Company other than Mr. Nikhil Kumar is interested or concerned in the resolution.

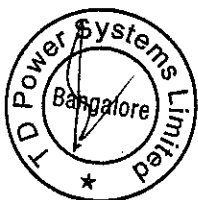
This may be taken as the abstract of variation and Memorandum of interest in terms of Section 302 of the Companies Act 1956.

**Item No. 9- Approval of remuneration payable to the Director-Technical**

Mr. Tadao Kuwashima was first appointed as Director (Technical) with effect from 28/08/2006 for a period of 3 years and was re-appointed with effect from 01/09/2009 as Director (Technical) for a period of 3 years by a resolution of the Board passed on July 1, 2009 subject to the terms and conditions remaining the same save the salary which is to be increased by 10% every year, which terms and conditions relating to remuneration was further revised vide letter dated August 2 2010 in terms of the Board resolution dated July 19 2010.

Though designated as Director (Technical), Mr. Tadao Kuwashima is to be considered as Whole-time Director and the terms and conditions of appointment have to be in accordance with the provisions Section.269 and schedule XIII of the Companies Act, 1956.

The Company converted to a Public Limited Company wef January 17 2011 and the remuneration paid or payable to the Director-Technical, is required to be in terms of the provisions of Para C of part II Schedule XIII of the Companies Act 1956 as the remuneration is in excess of the scale prescribed under the said Para. It was also noted that in terms of the said Para C of Part II of Schedule XIII, amongst other requirements, it is required that the remuneration payable to Mr. Tadao Kuwashima, Director-Technical for the period January 17 2011 to March 31 2011 (being the pro rata period on conversion) and the period April 1 2011 to August 31 2012 is to be approved is to be approved by the Shareholders of the Company by a special resolution passed at the general meeting..



## General information

The Company was incorporated on April 16 1999 as a Private Limited Company with registered office is located at # 27, 28 & 29, KIADB Industrial Area, Dabaspet, Nelamangala Taluk, Bangalore, 562 111, Karnataka, India.

The authorised Share capital of the Company is Rs.350, 000,000 divided into 35, 000,000- Equity Shares of Rs. 10 each and the paid-up capital is Rs.243, 704,010 divided into 24, 370,401 Equity Shares of Rs. 10 each.

The Company commenced manufacturing operations in the year 2001. The Company is one of the leading manufacturers of AC Generators with output capacity in the range of 1 MW to 52 MW for prime movers such as steam turbines, gas turbines, hydro turbines, wind turbines, diesel and gas engines and focuses on manufacturing custom-designed generators for customers who are based across the world. In addition to manufacturing AC Generators, the Company also executes Turbine Generator ("TG") island projects for steam turbine power plants with output capacity up to 52 MW using a Japanese turbine combined with generator manufactured by it.

Currently the Company has 4 technology/license and Product Development Cooperation and Manufacturing arrangements with international electrical equipment manufacturers and has also licensed its technology to transnational electrical equipment giant.

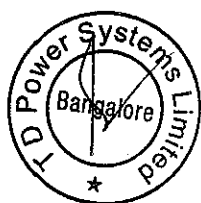
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Paid up Share Capital	2437.04	634.36	634.36
Reserves & Surplus	15314.36	11775.13	8843.92
Net worth	17751.40	12409.49	9478.28
Dividends	487.41	317.18	317.18
Dividends (%)	20%	50%	50%

The Company's turnover and profits have grown significantly during the last 3 years with consistent dividend record.

### Background details of Mr. Tadao Kuwashima,

Mr. Kuwashima completed his engineering from Tokyo University. He was working in Toyo Denki Seizo K.K. Japan (TDK) for over 35 years and joined the Company in February 2002 and was appointed Director of the Company in August 2006.



He has over 45 years of work experience in power equipment, manufacturing and quality industry. His technical skills are indispensable to the Company to manufacture and sell Generators in the Indian Market. He brought in high quality practices and standards adopted by TDK which enabled the Company to improve the quality of its Generators significantly. His designing capabilities helped the Company in meeting varying specifications and requirements of customers. He currently leads the design and quality functions and it is imperative that his services are critical to the Company's operations

The current remuneration package is in terms of resolution of the Board passed on July 1, 2009 further revised vide letter dated August 2 2010 in terms of the Board resolution dated July 19 2010 (passed prior to conversion of the Company to a public Company).

The remuneration committee of the Board considered various aspects as above while approving the remuneration as stated in the Resolution as appropriate to retain a person of his qualification, competence and experience. The said remuneration package represents current market practice and trends prevalent in the country.

Mr. Tadao Kuwashima is one of the Shareholders of the Company and holds 0.95% of the Equity of the Company.

During the last 3 financial years Mr. Tadao Kuwashima's total remuneration was Rs.74.74 lacs (2009-10), Rs 63.78lacs (2008-09) and Rs65.53 lacs (2007-08).

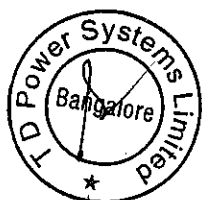
**Reasons for inadequacy of profits:**

As the remuneration is in excess of 5% of the net profits, the net profit is inadequate.

The Board of Directors accordingly, recommends the resolution as set out in Item No.9 of the Notice for your approval. None of the Directors of the Company, other than Mr. Tadao Kuwashima is interested or concerned in the resolution.

**Item No. 10- Reappointment of the Managing Director**

Mr. Hitoshi Matsuo was appointed as Managing Director of the Company and an agreement was entered into on April 1, 2002 and was reappointed for a further period of 3 years from April 1, 2005 in terms of the Board resolution dated July 26 2005. By a resolution passed in the meeting held on March 20 2008, the Board of Directors further re-appointed Mr. Hitoshi Matsuo as Managing Director for a further period of 4(Four) years commencing from April 1 2008 to March 31 2012 subject to Remuneration and other terms and conditions as per the agreement dated April 1 2002 amended from time to time by a resolution of the Board of Directors.



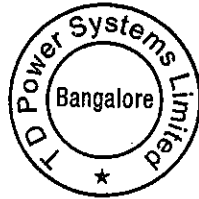
As the Company is proposing to undertake certain strategic initiatives for growth of business and expansion of its manufacturing facilities for which it is important that the experience and guidance of Mr. Hitoshi Matsuo is available to the Company, the Board of Directors by a resolution passed at the meeting held on May 30 2011, approved reappointment of Mr. Hitoshi Matsuo as Managing Director of the Company, in terms of the applicable provisions of the Companies Act 1956, on remuneration, other perquisites and benefits as per resolution seeking approval of the Shareholders, for a further period of six (6) months up to September 30 2012, subject to approval of the Shareholders and in terms of Section 269 and Schedule XIII of the Companies Act 1956.

The Board of Directors accordingly, recommends the resolution as set out in Item No.10 of the Notice for your approval. None of the Directors of the Company, other than Mr. Hitoshi Matsuo is interested or concerned in the resolution

**Bangalore  
May 30, 2011**

**By Order Of the Board  
for TD Power Systems Limited**

  
N. Srivatsa  
Company Secretary





## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Twelfth Annual Report and the Audited Statement of Accounts for the financial year ended 31<sup>st</sup> March 2011.

The Company converted into a Public Limited Company by passing necessary Shareholders resolution on January 11 2011 and received the fresh Certificate of Incorporation consequent upon change of Name on conversion to a Public Limited Company on February 4, 2011

### WORKING RESULTS

The Company's working has resulted in: -

Particulars	For the Current Year ended March 31, 2011 (Rs. in lacs)	For the Previous Year ended March 31, 2010 (Rs. in lacs)
Gross Profit amounting to	7,060.46	5,778.96
<b>Less:</b>		
Depreciation	789.11	558.14
Loss on Sale of Asset	3.64	2.65
Provision for Taxation	2,076.45	1,600.94
Deferred Tax (Net)	27.21	314.94
Net Profit for the Year	4,164.03	3,302.30
<b>Add:</b>		
Surplus brought forward from the Previous Year	10,429.75	7860.26
<b>Less:</b> Capitalisation of Reserves during the year	1,624.69	-
Available for appropriation	12,969.09	11,162.56
<b>Appropriations:</b>		
Provision for Dividends and Tax thereon	568.36	371.08
Transfer to General Reserves	314.34	361.72
Surplus carried to Balance Sheet	12,086.39	10,429.76

### OPERATIONS

Your Company has achieved a turnover of Rs. 48,788.02 lakhs for the year ended March 31, 2011. During the year 341 Generators of various ranges up to 52 MW were manufactured by the Company.

The Gross Profit for the year under report is Rs. 7,060.46 lakh as against Rs. 5,778.96 Lakh in the previous year and the net profit is Rs. 4,164.03 Lakhs as compared Rs. 3,302.30 Lakhs for the previous year.

The following are the highlights of the Company's achievements for the year:

- Siemens, Erfurt design of 52MW AC Generator has been successfully tested & dispatched on 14/09/10.
- 11.764MW, 13.8kV, 60Hz, 0.85pf, 600rpm AC Generator order received for VOITH-TDPS design a/c Cubujuqui in Costa Rica.
- Prestigious order from OMPL (ONGE Mangalore Petrochemicals Ltd., - Aromatic Complex) for 28MW Steam Turbine Generator set.

- New order received from ITC – Specialty Paper Division for 29.62MW Steam Turbine Generator set.
- New Order received from Jamkhandi Sugars for 27.37MW Steam Turbine Generator set.
- Repeat order received from Vasavadatta Cements, Sedam Plant for 18.2MW Steam Turbine Generating set.
- New order received from Voith – Norway for 7.7MW, 6.3kV, 50Hz, 0.8pf, 750rpm AC Generator suitable for Static excitation
- Breakthrough order received from Mecamidi – France for 2 Nos. 3.55MW, 6.3kV, 12P Generators for Hydro application a/c Kasba Zidania – Morocco, Africa project.
- Breakthrough order from Dresser-Rand – UK for 30MW, 11kV AC Generator a/c Sulphuric Acid Plant, Jordan project.
- Breakthrough order from KOHLER – Singapore for 2000kVA, 11kV AC Generator for their prestigious project in CISCO, Bangalore.
- Participated in ELASIA- Exhibition organized by Electrical consultant of India Ltd., (ELCA) – From 07/01/11 to 10/01/11 & bagged 3<sup>rd</sup> Best Stall award

### **DIVIDEND**

The Directors are pleased to recommend payment of Dividend on Equity shares at the rate of Rs. 2 subject to approval by the shareholders at the Annual General Meeting.

### **CAPITAL**

The Authorised Capital of the Company was increased to Rs.35, 00,00,000 to enable capital raising efforts being pursued by the Company. During the year under review, the Paid up Capital increased from Rs. 6,34,35,670 to Rs. 24,37,04,010 as on 31st March 2011 comprising of 2,43,70,401 Equity Shares of Rs.10.00 each fully paid up consequent to issue of Shares including Bonus Shares.

### **CURRENT YEAR**

The country continues to face shortage in peak demand with almost all states in deficit and load shedding continuing in many parts of the country. The continuing power shortage scenario reflects a failure of the Policy initiatives to create optimum capacity in last three 5 year plans. About 25% of the capacity in the pipeline is said to be through private Independent Power Producers (IPP).

Although, a general slowdown is being reported in the Capital goods industry, the demand for plants for captive generation of power continues to be robust from sectors like Steel, Cement, and Sugar etc. because of the imperative need to achieve sustainable power quality and cost reduction.

The Company's order book continues to be encouraging and stands at Rs 49604.70 lacs as on March 31, 2011. The Company has received orders for manufacture of High end rating generators. Several developmental and certification initiatives are in progress which will enable the Company to continue to grow as a major manufacturer of generators in the world with an increased geographical reach.

These initiatives will result in growing orders for supply of generators for various applications like Steam, Hydro wind, Gas, and diesel, to cater to which the manufacturing facilities have to be expanded and enhanced enabling production of High quality and efficient generators. In order to fund the proposed expansion plans including enhancement of manufacturing facilities, fund working capital requirements, repayment of debt and other purposes the Company is exploring various options including Capital raising up to Rs. 250.00 crores.

The management team continues to focus on providing strategic and operational directions to all the businesses where it has invested.

Considering the overall market scenario, the order book and the Company's capability in meeting with delivery schedules and barring unforeseen circumstances your Directors are hopeful of a good performance during the current year.

## **INTERNAL CONTROL SYSTEMS**

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

## **SUBSIDIARY COMPANY**

The Company's subsidiary DF Power Systems Private Limited has recorded an impressive performance for the year ended March 31 2011 with a turnover of Rs 3,758.45 lacs and a net profit of Rs. 1,508.51 lacs.

The Company acquired 16,99,998 Equity Shares of Rs 10/- each of the subsidiary Company as a result of which the subsidiary Company turned into a wholly owned subsidiary Company of wef October 1<sup>st</sup> 2010.

As per Section 212(1) of the Companies Act, 1956, the Company is required to attach to its Accounts the Directors' Report, Balance Sheet and Profit and Loss Account of each of the subsidiaries. The Ministry of Corporate Affairs, GOI has vide circular no 2/2011 dated April 8, 2011 granted a general exemption to Companies in respect of this requirement. Accordingly, the Annual Report of the Company does not contain the individual financial statements of the Company's subsidiary, but contains the audited consolidated financial statements of the Company and the said subsidiary. The annual accounts of these subsidiary Company, along with the related information, is available for inspection at the Company's registered office and copies will be provided on request. The statement containing the following information for the subsidiary namely (a) capital (b) reserves (c) total assets (d) total liabilities (e) details of investment (f) turnover (g) profit before taxation (h) provision for taxation (i) profit after taxation (j) proposed dividend is disclosed in the consolidated Balance sheet annexed to the annual accounts of the Company

## **AUDIT COMMITTEE**

Your Company has constituted an Audit Committee of the Board, in terms of Section 292A of the Company Act 1956 comprising of the four Independent Directors as members with Mr. Nitin Bagamane as Chairman of the Committee. Members of Audit Committee consist of Dr. Arjun Kalyanpur, Mr. Salil Baldev Taneja and Mr. Mohib N. Khericha.

## **DIRECTORS RESPONSIBILITY STATEMENT:**

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

1. that in the preparation of the accounts for the financial year ended 31<sup>st</sup> March 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
2. that the Directors have selected such accounting policies and applied them consistently and made judgments and the estimates that are reasonable and prudent so as to give true and fare view of the state of affairs of the Company at the end of the financial year and are the profit or loss of the Company for the year under review.
3. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the companies Act 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. that the Directors have prepared the accounts for the financial year ended March 31, 2011 on a 'going concern' basis.

## **DIRECTORS**

During the year under review, Dr. Arjun Kalyanpur, Mr. Salil Baldev Taneja, Mrs. Nandita Lakshmanan and Mr. Nitin Bagamane were appointed as Directors of the Company wef 13<sup>th</sup> January 2011.

Mr. Mohib N. Khericha and Mrs. Nandita Lakshmanan retire by rotation and being eligible offer themselves for re-appointment.

## **STATUTORY AUDITORS**

Your Company's Auditors M/s. B. K. Ramadhyani & Co, Chartered Accountants, Bangalore, hold office until the conclusion of the ensuing Annual General Meeting. They have shown their willingness to accept the office as Statutory Auditors, if appointed. Your Company has received a written certificate from the Auditors to the effect that their reappointment, if made, would be within the prescribed limit under Section 224(1B) of the Companies Act, 1956.

## **DISCLOSURE UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988**

- a. Particulars in respect of Rule 'A' & 'B' (Conservation of energy and Technology Absorption) – as per Annexure 'A'.  
b. Foreign Exchange:

Particulars	2010 – 11 (Rs.)
Foreign Exchange Earnings	47,19,92,967/-
Foreign Exchange Outgo	5,27,326,577/-

## **PARTICULARS OF EMPLOYEES**

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

## **HUMAN RESOURCE DEVELOPMENT**

Creativity, quality and dedication of all our employees represent the most precious asset of the Company. For the growth of any organization, the human resource function has an important role to play not only in identifying and recruiting suitable individuals but also in developing and rewarding them suitably, so as to retain them for a longer period. Your Company believes that Human Capital has economic value, directly impacting organizational productivity and profitability.

The Company has remained focused on strengthening human capital through continuous developmental programmes and by upgrading skills of employees to meet the Company's objectives.

Two Teams from the Company won the Excellence award at the 24th National Quality Circle convention on Quality Concepts 2010 conducted by QCFI (Quality Circle forum of India) in December 2010

## **ACKNOWLEDGEMENT:**

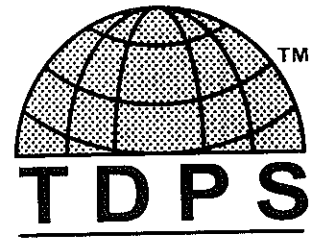
The success achieved by your Company and the progress made by it are due to co-operation, efforts and Commitment of all concerned with its affairs, including various customers and suppliers, Banks, Shareholders, Directors, officers and Employees of your Company. The management expresses gratitude to all for their co-operation especially to the employees for their dedicated services without which the good results would not have been possible.

**for and on behalf of the Board Of Directors**

*Mohib N. Khericha*

**MOHIB N. KHERICHA**  
Chairman

Place: Bangalore  
Date: May 30, 2011



# TD Power Systems Limited

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANY

1	Name of Subsidiary	DF Power Systems Private Limited
2	Financial year of the Company	31 <sup>st</sup> March, 2011
3	Share of the Subsidiary held by TD Power Systems Limited on the above date:	
	a) Number of shares and face value	59,99,998 Equity Shares of Rs. 10.00 each
	b) Extent of Holding	99.999
4	Net aggregate amount of profit/ (loss) of the Subsidiary so far as they concern the members of TD Power Systems Limited:	
	a) Dealt with in the accounts of TD Power Systems Limited for the year ended 31 <sup>st</sup> March 2011.	Nil
	b) Not dealt with in the accounts of TD Power Systems Limited for the year ended 31 <sup>st</sup> March 2011	Rs.15,08,35,677.00
5	Net aggregate amount of profit/(loss) for previous financial years of the Subsidiary since it became a subsidiary so far as they concern the members of TD Power Systems Limited	
	a) Dealt with in the accounts of TD Power Systems Private Limited for the year ended 31 <sup>st</sup> March 2010.	Nil
	b) Not dealt with in the accounts of TD Power Systems limited for the year ended 31 <sup>st</sup> March 2010.	Rs.22,53,34,997.00

For and on behalf of the Board of Directors

Mohib Khericha  
Chairman

Nikhil Kumar  
Joint Managing Director

K. G. Prabhakar  
Chief Financial Officer

N. Srivatsa  
Company Secretary

Bangalore  
May 30 2011

CITY OFFICE : "RMJ MANDOTH TOWERS", NO. 37, 7TH CROSS, VASANTHAGAR, BANGALORE - 560 052, INDIA.  
TEL. : +(91) (80) 22017800, FAX : +(91) (80) 22017850, 22017851

REGD. OFFICE / WORK'S ADDRESS : # 27, 28 & 29, KIADB INDL. AREA, DABASPET, NELAMANGALA TALUK, BANGALORE - 562 111, INDIA.  
TEL.: + (91) (80) 22995700 / 66337700, FAX : + (91) (80) 77-34439 / 22995718, WEBSITE : www.tdps.co.in

JAPAN OFFICE ADDRESS : TOHWA BUILDING, 4TH FLOOR, 3-3, KITASHINAGAWA, 3-CHOME, SHINAGAWA-KU, TOKYO - 1400001, JAPAN.  
TEL NO. : 0081-3-5783-5380, FAX NO. : 0081-3-5783-5381

**ANNEXURE – 'A'**

**ANNEXURE TO DIRECTOR'S REPORT**

**DISCLOSURE OF PARTICULARS REGARDING CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION**

**A. CONSERVATION OF ENERGY:**

The Company has installed Diesel Generator sets, in order to meet its power requirements and uses diesel to reduce cost of power. Thus, the Company continues to be assured of clean and uninterrupted power supply reducing dependence on Electricity Board for power requirements.

Total energy consumption and energy consumption per unit of production – Not applicable.

**B. TECHNOLOGY ABSORPTION:**

1. Research and Development – Research and Development is undertaken continuously for lowering costs and processes improvements.

2. Benefits derived –

- Quality Improvement.
- Process improvement resulting in higher production
- Enhanced design and products capability to achieve customer satisfaction.
- Development of in-house skills for manufacture of high precision products.
- Solution to critical problems.

3. Expenditure on Research And Development -

The manufacturing activity is customer specific, and accordingly, designs, procurement, manufacturing process do not entail specific R & D expenditure.

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

*Mohib N. Khericha*

Place: Bangalore  
Date: May 30, 2011

**MOHIB N. KHERICHA**  
Chairman

**Annexure to the Director's Report****ANNEXURE - B**

Information as per Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of employees) Rule 1975, and forming part of the director's report for the year ended March 31, 2011

Sl No	Name	Designation	Qualification	Age (years)	Date of Joining	Experience (Yrs)	Gross Remuneration (Rs.)	Previous Employment - Designation
<b>Employed for Full Year</b>								
01	Nikhil Kumar	Jt Managing Director	B.Tech	43	01-Oct-01	20	36,955,363	Kirloskar Electric Company Limited - General Manager
02	Hitoshi Matsuo	Managing Director	M.E.	67	01-Jul-02	44	35,652,376	Toyo Denki Seizo K.K. Japan - General Manager
03	Tadao Miyamishi	Director - Technical	M.E.	64	01-Feb-02	42	10,032,265	Toyo Denki Seizo K.K. Japan - Asst. General Manager

**Note :**

- 1 The Managing Director is not related to any Director of the Company.
- 2 Remuneration includes salary, statutory contribution to funds and commission.

For and on behalf of Board of Directors

*Mohd H. Akbar*

Chairman

Bangalore

Date : 30th May 2011

**AUDITOR'S REPORT**  
**TO THE MEMBERS OF TD POWER SYSTEMS LIMITED, BANGALORE**


1. We have audited the attached Balance Sheet of TD Power Systems Limited as at 31st March 2011 and Profit and Loss Account and also the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Without qualifying, reference is drawn to Note 20, Schedule M in respect of the remuneration payable to the Directors, which is subject to approval of the Shareholders.
4. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure, a statement on the matters specified in paragraphs 4 & 5 of the said order.
5. Further to our comment in para ix (b) of the Annexure referred to in paragraph 4 above, we report that:
  - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of accounts as required by law have been kept by the Company, so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branch not visited by us;
  - c. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account and with the returns from the branches;
  - d. In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable;





- e. On the basis of written representations received from the directors, as on 31st March 2011 and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give a true and fair view in conformity with the accounting principles generally accepted in India:
- i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31.3.2011;
  - ii. in the case of the Profit and Loss account, of the profit for the year ended on that date and
  - iii. in the case of Cash Flow Statement, of the cash flow for the year ended on that date

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

  
R Satyanarayana Murthi  
Partner  
Membership No. 024248

B.K.Ramadhyani & Co  
Chartered Accountants  
4B, Chitrapur Bhavan  
8th Main, 15th Cross, Malleswaram  
BANGALORE-560 055  
Date: 30th May, 2011

B.K. RAMADHYANI & COMPANY  
CHARTERED ACCOUNTANTS  
# 4-B, Chitrapura Bhavan,  
No. 08, 8th Main, 15th Cross,  
Malleswaram, Bangalore-560 055.

**Annexure referred to in paragraph 3 of the Auditor's Report  
To the members of TD Power Systems Limited for the year ended  
31<sup>st</sup> March, 2011.**

- (i) a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets in the Fixed Assets Register.
- b. Physical verification of fixed assets is being done on a phased manner and is in reasonable intervals. According to the information furnished, no material discrepancies have been observed in such verification.
- c. There has been no disposal of substantial part of fixed assets during the year;
- (ii) a. The Inventory was physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (iii) The company has not granted/taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. For this purposes the transactions with the Subsidiary Company is in the nature of current account transaction and not considered as loan and accordingly, clause (iii)(b), (iii)(c) and (iii)(d) of paragraph 4 of the Order are not applicable;
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) a. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contract or arrangements to be entered in the register maintained under section 301 of the Companies Act, 1956, have been so entered in the register maintained.
- b. According to the Company, the transactions made in pursuance of such contracts or arrangements and exceeding value of rupees Five Lakhs with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

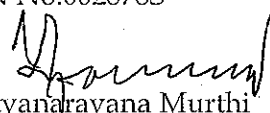


- (vi) The Company has not accepted any deposits from public, hence in our opinion the provisions of Section 58A and 58AA of the Companies Act, 1956 and the rules made there under are not applicable. According to the Company, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) As explained to us, the Company has maintained cost records under Section 209(1) (d) of the Companies Act, 1956. However we have not made a detailed examination of the records.
- (ix) a. According to information and explanation given to us, the company has been regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, wealth tax sales tax, custom duty, service tax, customs duty, excise duty, cess and other statutory dues to the appropriate authorities. Cess payable under section 441A of the Companies Act, 1956 has not been notified. Consequently, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same. Further, short/non deduction of withholding tax has not been reckoned for this purpose.
- b. There are no outstanding disputed amount payable on account of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess. However, according to information and explanations given to us on account of short deduction/short payment in respect of withholding tax as per Income Tax Act 1961, as referred to Note 22, Schedule M to Financial statements, there is no disputed tax liability as the demand raised by the Department is under rectification/appeal.
- (x) The Company has no accumulated losses as at March 31, 2011 and it has not incurred any cash losses during the current year or during the previous year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in the repayment of dues to bank. The Company has not taken any loan from Financial institutions and also has not issued any debentures.
- (xii) According to the information and explanations given to us and the documents and records produced before us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities;
- (xiii) In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore paragraph 4(xiii) of the Order is not applicable to the Company.



- (xiv) In our opinion the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) The Company has given corporate guarantee of Rs. 87 crores and Rs. 297 crores in respect of facilities availed by its subsidiary M/s DF Power Systems Private Limited to the bankers M/s ICICI Bank Limited and M/s Bank of Baroda. The terms and conditions of the guarantee are not prima facie prejudicial to the interest of the Company.
- (xvi) The Company has not obtained term loans during the year under review.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term purposes. No long term funds have been used to finance short-term assets except permanent working capital.
- (xviii) According to the information and explanations given to us, the issue of shares to parties covered in the Register maintained under Section 301 of the Act during the year and the price charged therefore are not prejudicial to the interests of the company.
- (xix) According to the information and explanations given to us, there are no debentures issued by the company during the year and hence paragraph 4(xix) of the Order regarding the creation of securities is not applicable.
- (xx) During the year the company has not raised money by way of public issue of capital, debentures, etc and hence paragraph 4(xx) of the Order regarding the end use of money is not applicable;
- (xxi) According to the information and explanations given to us, no fraud on or by the company during the year has been noticed or reported during the course of our audit.

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

  
R Satyanarayana Murthi  
Partner

Membership No. 024248

B.K.Ramadhyani & Co  
Chartered Accountants  
4B, Chitrapur Bhavan  
8th Main, 15th Cross, Malleswaram  
BANGALORE-560 055

Date: 30th May 2011

**B.K. RAMADHYANI & COMPANY**  
CHARTERED ACCOUNTANTS  
# 4-B, Chitrapura Bhavan,  
No. 08, 8th Main, 15th Cross,  
Malleswaram, Bangalore-560 055.

**TD POWER SYSTEMS LIMITED**

**BALANCE SHEET AS AT 31ST MARCH 2011**

	Schedule	In Rs.	As at 31st March 2010 In Rs.
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
a) Capital	A	243,704,010	63,435,670
b) Reserves & Surplus	B	<u>1,531,436,113</u>	<u>1,177,513,008</u>
		1,775,140,123	1,240,948,678
<b>LOAN FUNDS</b>			
a) Secured Loans	C	605,673,638	682,193,516
b) Unsecured Loans	D	<u>250,000,000</u>	-
		855,673,638	682,193,516
<b>TOTAL</b>		<b><u>2,630,813,761</u></b>	<b><u>1,923,142,194</u></b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
a) Gross Block	E	1,353,256,242	1,252,566,444
b) Less : Depreciation		<u>233,507,329</u>	<u>155,522,673</u>
c) Net Block		1,119,748,913	1,097,043,771
d) Capital Work in progress (At cost)		<u>20,436,621</u>	-
		1,140,185,534	1,097,043,771
<b>INVESTMENT</b>	F	204,125,000	33,050,000
<b>DEFERRED TAX LIABILITY (NET)</b>		72,911,653	70,190,433
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
a) Inventories	G	777,166,439	373,311,648
b) Sundry Debtors		1,194,724,637	1,131,868,648
c) Cash & Bank Balances		909,507,755	677,632,025
d) Loans & Advances		<u>376,222,192</u>	<u>369,080,151</u>
		3,257,621,023	2,551,892,472
<b>Less : CURRENT LIABILITIES &amp; PROVISIONS</b>	H		
a) Current Liabilities		1,788,491,809	1,615,460,032
b) Provisions		<u>109,714,334</u>	<u>73,193,584</u>
		1,898,206,143	1,688,653,616
<b>NET CURRENT ASSETS</b>		<u>1,359,414,880</u>	<u>863,238,856</u>
<b>TOTAL</b>		<b><u>2,630,813,761</u></b>	<b><u>1,923,142,194</u></b>
<b>NOTES ON ACCOUNTS</b>	M		

FOOT NOTE : Schedules referred to above and the Notes attached form an integral part of the Balance Sheet

As per our report of even date

For and on behalf of Board of Directors

For B.K. RAMADHYANI & CO.  
Chartered Accountants

Mohib N Khericha  
Chairman

*Mohib N Khericha*

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

Nikhil Kumar  
Joint Managing Director

*Nikhil Kumar*

**B.K. RAMADHYANI & COMPANY**  
CHARTERED ACCOUNTANTS  
# 4-B, Chitrapura Shevan,  
No. 55, 8th Main, 19th Cross.

K G Prabhakar  
Chief Financial Officer

*K G Prabhakar*

Bangalore  
Date : 30th May 2011

Madduram, Bangalore-560 055.

N Srivatsa  
Company Secretary

*N Srivatsa*

**TD POWER SYSTEMS LIMITED**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011**

	Schedule	Current Year In Rs.	Previous Year In Rs.
<b>INCOME</b>			
Gross Sales		5,158,876,807	4,519,999,063
Less : Excise Duty Paid		<u>280,075,118</u>	<u>184,111,215</u>
Net Sales		4,878,801,689	4,335,887,849
Other Income	I	69,431,376	52,110,902
<b>TOTAL</b>		<b><u>4,948,233,065</u></b>	<b><u>4,387,998,750</u></b>
<b>EXPENDITURE</b>			
Consumption of Raw Materials, Stores, Spares parts & Components	J	2,273,899,154	1,812,877,883
Purchases for Project Business		1,146,908,442	1,377,600,862
Operating and Other Expenses	K	754,512,994	577,368,209
Interest and Finance Charges			
On Fixed Loans		26,298,492	14,930,622
On Other Accounts		<u>40,567,975</u>	<u>27,323,909</u>
		66,866,467	42,254,531
Loss on Sale of Fixed Assets (Net)		364,070	265,159
Depreciation	L	<u>78,911,197</u>	<u>55,814,113</u>
		<b><u>4,321,462,324</u></b>	<b><u>3,866,180,757</u></b>
<b>PROFIT BEFORE TAXATION</b>		626,770,741	521,817,993
Less : Provision for Taxation (net)		207,500,000	160,000,000
Less : Provision for Wealth Tax		146,033	93,969
Less : Deferred Tax (net)		<u>2,721,220</u>	<u>31,494,361</u>
<b>PROFIT AFTER TAX</b>		416,403,488	330,229,663
Balance of Profit brought forward from previous year		1,042,975,352	786,026,372
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>			
Appropriations:			
Less : Capitalisation of Profits		162,469,343	-
Less : Provision for Dividend on Equity Shares (including Tax on Dividend of Rs. 8,095,238/- (Previous Year Rs. 5,390,446/-))		56,836,040	37,108,281
Less : Transfer to General Reserve		<u>31,434,353</u>	<u>36,172,402</u>
<b>Balance of Profit Carried to Balance Sheet</b>		<b><u>1,208,639,104</u></b>	<b><u>1,042,975,352</u></b>
EPS - Basic ( on Re. 10/- per share)		<b>37.55</b>	<b>52.06</b>
EPS - Diluted ( on Re. 10/- per share)		<b>37.55</b>	<b>52.06</b>

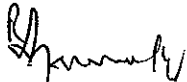
**NOTES ON ACCOUNTS**

M

FOOT NOTE : Schedules referred to above and the Notes attached form an integral part of the Profit & Loss Account

As per our report of even date

For B.K. RAMADHYANI & CO.  
Chartered Accountants



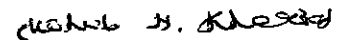
R SATYANARAYANA MURTHI  
Partner - M.No. 024248

**B.K. RAMADHYANI & COMPANY**  
CHARTERED ACCOUNTANTS  
# 4-B, Chitrapura Shevan,  
No. 68, 8th Main, 15th Cross,  
Maddurwaram, Bangalore-560 055.

Bangalore  
Date : 30th May 2011

For and on behalf of Board of Directors

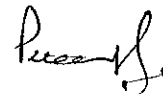
Mohib N Khericha  
Chairman



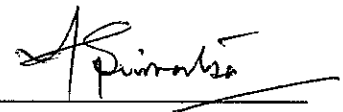
Nikhil Kumar  
Joint Managing Director



K G Prabhakar  
Chief Financial Officer



N Srivatsa  
Company Secretary



**SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH 2011**

	In Rs.	As at 31st March 2010 In Rs.
<b>SCHEDULE "A"</b>		
<b>Authorised :</b>		
35,000,000 (10,000,000) Equity Shares of Rs. 10/- each	350,000,000	100,000,000
<b>TOTAL</b>	<b><u>350,000,000</u></b>	<b><u>100,000,000</u></b>
<b>Issued, Subscribed and Paid-up :</b>		
24,370,401 (6,343,567) Equity Shares of Rs. 10/- each	243,704,010	63,435,670
	<b><u>243,704,010</u></b>	<b><u>63,435,670</u></b>

**NOTES :**

Equity Share Capital includes 2,000,000 Shares of Rs. 10/- each allotted as fully paid up by way of bonus shares (i) On Capitalisation of Reserve to an extent of 1,000,000 Equity Shares on 05th July 2001 (ii) On Capitalisation out of Surplus in Profit & Loss Account to an extent of 1,000,000 Equity Shares on 16th December 2004 (iii) On Capitalisation out of Reserves to an extent of 16,246,934 Equity Shares on 11th January 2011.

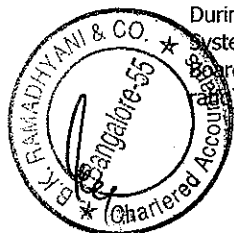
4,25,000 fully paid up equity shares were issued to the shareholder of subsidiary company in exchange of 17,00,000 fully paid up equity shares on 19th October 2010.

**SCHEDULE "B"**

	In Rs.	As at 31st March 2010 In Rs.
<b>RESERVES AND SURPLUS</b>		
<b>Share Premium Account</b>		
Opening Balance	8,517,516	8,517,516
Add : Additions during the year	<u>156,825,000</u>	-
<b>Balance Carried Forward</b>	<b>165,342,516</b>	<b><u>8,517,516</u></b>
<b>General Reserve Account</b>		
Opening Balance	126,020,140	89,847,738
Add : Additions during the year	<u>31,434,353.00</u>	<u>36,172,402</u>
<b>Balance Carried Forward</b>	<b>157,454,493</b>	<b>126,020,140</b>
<b>Profit &amp; Loss Account</b>		
Balance in P & L Account carried forward	<u>1,208,639,104</u>	<u>1,042,975,352</u>
	<b><u>1,531,436,113</u></b>	<b><u>1,177,513,008</u></b>

**NOTE:**

During the year company acquired 1,699,998 fully paid up equity shares of its subsidiary company, M/s D F Power Systems Private Limited, in exchange of 425,000 fully paid up equity share of the company duly approved by the Board. In terms of AS 13 the premium paid on the acquisition of shares (in terms of share valuation and exchange rate) is transferred to share premium account.



**SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH 2011**

	In Rs.	As at 31st March 2010 In Rs.
<b>SCHEDULE "C"</b>		
<b>SECURED LOANS</b>		
a) Loans and Advances from Banks		
1. Term Loan from Bank of Baroda	314,254,525	390,108,525
2. Working Capital	283,784,403	284,045,524
b) Other Loans		
For Assets purchased under Hire Purchase	7,634,710	8,039,467
	<b><u>605,673,638</u></b>	<b><u>682,193,516</u></b>

**Notes:**

i.	Balance of Term Loan from M/s Bank of Baroda as on 31 <sup>st</sup> March. Secured by the First charge on Land, Building, Specific Plant & Machinery, Furniture and Office Equipment, First Charge on all Current Assets of the company and Personal Guarantee of two Directors - Mr. Nikhil Kumar & Mr. Hitoshi Matsuo.	314,254,525	390,108,525
ii.	Balance of Working Capital Loan from M/s Bank of Baroda as on 31 <sup>st</sup> March - Secured by Hypothecation of Raw Materials, Goods-in-process, Finished Goods and Book Debts and a charge on Fixed assets of the company and secured by Personal Guarantee of two Directors - Mr. Nikhil Kumar & Mr. Hitoshi Matsuo.	283,784,403	284,045,524
iii.	b.) From ICICI Bank - Secured by specific charge on Motor Vehicles.	7,634,710	8,039,467

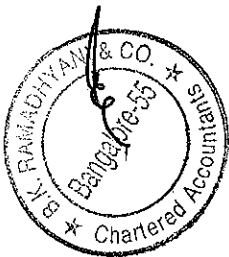
	In Rs.	As at 31st March 2010 In Rs.
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**SCHEDULE "D"**

**UNSECURED LOANS**

Unsecured Loan from M/s Bank of Baroda	250,000,000	-
	<b><u>250,000,000</u></b>	<b><u>-</u></b>

The company has borrowed an unsecured short term working capital demand loan for a period of six months from M/s Bank of Baroda, Bangalore.







**SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH 2011**

	Nos	Face Value Rs.	In Rs	As at 31st March 2010 In Rs.
<b>SCHEDULE "F"</b>				
<b>INVESTMENTS LONG TERM - UNQUOTED NON-TRADE (AT COST)</b>				
2,000 Share of M/s The Shamrao Vithal Co-operative Bank limited @ Rs. 25/- each	2,000	25	50,000	50,000
Opening Balance	350,000	10	3,500,000	3,500,000
Add: Acquired during the year at Par	3,950,000	10	39,500,000	
Acquired during the year - Refer Note No. 01 below	1,699,998	10	161,075,000	
Subscription to 29,50,000 Equity Share Capital in Subsidiary Co - M/s D F Power Systems Private Limited @ Rs. 10/- each - Pending Allotment			-	29,500,000
			<b><u>204,125,000</u></b>	<b><u>33,050,000</u></b>

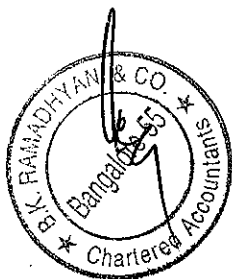
**Note :**

- 1 The company has acquired 1,699,998 fully paid up equity share of Rs. 10/- each of its subsidiary company M/s D F Power Systems Private Limited, in exchange of 425,000 fully paid up equity shares of Rs. 10/- each at a premium of Rs. 84.75 in terms of the valuation report and Accounting Standard 13.
- 2 Since the investments in subsidiary company being a private limited company, shares are not listed in any stock exchange, hence the market value is not ascertainable.
- 3 No permanent diminution is expected in investment of intrinsic value of this strategic investment which is long term.



**SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH 2011**

	In Rs.	As at 31st March 2010 In Rs.
<b>SCHEDULE "G"</b>		
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>A. Current Assets</b>		
<b>1. Inventories</b>		
i. Raw Material	200,599,478	128,987,510
ii. Process Stock	502,121,944	243,969,271
iii. Finished Goods	47,005,942	335,427
iv. Material Pending at Port	25,435,530	-
v. Stock of Trading Goods	<u>2,003,545</u>	<u>19,440</u>
	777,166,439	373,311,648
<b>2. Sundry Debtors - Unsecured, Considered good unless and otherwise stated</b>		
i. Debts outstanding for a period exceeding six months	211,820,936	163,229,808
ii. Other Debts	<u>982,903,701</u>	<u>968,638,840</u>
	1,194,724,637	1,131,868,648
<b>3. Cash and Bank Balances</b>		
a. Cash on Hand	152,507	179,027
b. Cheques in hand	2,586,462	57,927,044
c. Other accounts		
- On Current Account (Refer Note No. 08 of Schedule "M")	282,529,590	53,709,018
- On Short Term Deposits & Margins	<u>624,239,196</u>	<u>565,816,936</u>
	909,507,755	677,632,025
<b>B. Loans and Advances - Unsecured, Considered good unless and otherwise stated</b>		
a. Sundry Advances	311,825,628	297,952,427
b. Central Excise Deposits	10,654,358	33,037,404
c. Advance payment of tax (net)	<u>53,742,206</u>	<u>38,090,320</u>
	376,222,192	369,080,151
	<u><b>3,257,621,023</b></u>	<u><b>2,551,892,472</b></u>



**SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH 2011**

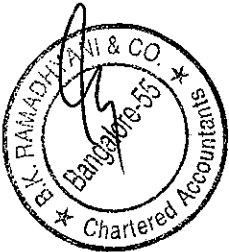
In Rs.

As at 31st  
March 2010  
In Rs.**SCHEDULE "H"****CURRENT LIABILITIES & PROVISIONS****A. Current Liabilities**

Sundry Creditors			
- Due to Micro and Small Enterprises	20,970,646	22,008,067	
- Others	875,549,379	793,643,795	
Trade Advances	273,685,729	231,016,981	
Other liabilities	<u>618,286,055</u>	<u>568,791,189</u>	
	1,788,491,809		1,615,460,032

**B. Provisions for**

Warranty Claims	24,508,667	22,053,039	
Gratuity	-	634,613	
Leave Encashment	28,369,627	13,397,651	
Equity Dividend	<u>56,836,040</u>	<u>37,108,281</u>	
	109,714,334		73,193,584

**1,898,206,143****1,688,653,616**

**SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011**

	Current Year In Rs.	Previous Year In Rs.
<b>SCHEDULE "I"</b>		
<b>SALES</b>		
Sale of Goods - Inland - Manufacturing	3,472,182,967	2,752,257,113
Sale of Goods - Inland - Project Business	433,898,363	296,816,758
Sale of Goods - Overseas Branch - Project Business	<u>1,201,851,570</u>	<u>1,474,772,382</u>
	5,107,932,900	4,523,846,253
Miscellaneous Services	<u>15,978,219</u>	<u>21,735,660</u>
	15,978,219	21,735,660
Intersegmental Sales - Manufacturing	245,109,430	209,694,065
<b>NET SALES</b>	<b><u>4,878,801,689</u></b>	<b><u>4,335,887,848</u></b>

**OTHER INCOME**

Interest from Banks on deposits (at gross, TDS Rs. 2.981.749/-) (Previous Year 6.497.380/-)	27,137,668	27,170,030
Miscellaneous Income	41,587,708	24,933,372
Dividend Income (at gross)	706,000	7,500
	<u>69,431,376</u>	<u>52,110,902</u>



**SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011**

	Current Year In Rs.	Previous Year In Rs.
<b>SCHEDULE "J"</b>		
<b>CONSUMPTION OF RAW MATERIALS, STORES, SPARE PARTS &amp; COMPONENTS</b>		
Raw material and Components Stores, Spare Parts, etc	<u>2,578,722,342</u>	<u>1,886,696,800</u>
	2,578,722,342	1,886,696,800
Add/(Deduct) : Decrease / (Increase) in Stocks Stock at Close		
Process Stock	502,121,944	243,969,271
Finished Goods	<u>47,005,942</u>	<u>335,427</u>
	549,127,886	244,304,698
Less : Stock at commencement		
Process Stock	243,969,271	161,095,365
Finished Goods	<u>335,427</u>	<u>9,390,416</u>
	244,304,698	170,485,781
Net Increase / (Decrease) in Stock	(304,823,188)	(73,818,917)
	<u><b>2,273,899,154</b></u>	<u><b>1,812,877,883</b></u>



**SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011**

	Current Year In Rs.	Previous Year In Rs.
<b>SCHEDULE "K"</b>		
<b>OPERATING &amp; OTHER EXPENSES</b>		
Power & Fuel	73,668,621	45,479,057
Expenses relating to Employees :		
Salaries, Wages & Bonuses	200,832,162	144,301,492
Contribution to Employees PF, FPF	7,983,234	5,861,566
Workmen and Staff Welfare Expenses (Includes contribution to employees' State Insurance & PF Admn Charges)	54,290,416	35,058,541
Gratuity, Leave Encashment as per Actuarial Valuation	<u>22,512,497</u>	<u>4,068,873</u>
	285,618,309	189,290,472
Rent	17,045,961	15,346,913
Repairs		
Buildings	3,377,778	8,996,769
Machinery	41,219,608	40,895,241
Others	<u>4,825,764</u>	<u>3,031,531</u>
	49,423,150	52,923,541
Selling Expenses	22,783,194	23,670,220
Maintenance of Vehicles	2,945,405	2,333,347
Insurance	3,645,858	3,457,558
Rates and Taxes	6,557,473	9,192,327
Advertisement	1,522,281	26,783
Donations	1,658,850	845,000
Printing & Stationery	3,805,849	3,737,970
Travelling Expenses	61,676,121	54,934,026
Postage, Telegrams and Telephones	5,800,228	5,630,710
Auditors Remuneration	1,736,253	953,365
Tech. Consultancy & Professional Charges	50,169,991	47,981,459
Bank Charges	29,830,384	24,570,480
Subscription to Technical Associations, Journals and Magazines	3,240,155	2,738,402
Software Expenses on ERP	9,638,020	14,448,018
Manufacturing expenses	8,074,985	2,434,716
Royalty	25,203,897	5,983,975
Direction Charges including other expenses	90,468,009	71,389,870
	<u><b>754,512,994</b></u>	<u><b>577,368,209</b></u>



**SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011**

	Current Year In Rs.	Previous Year In Rs.
<b>SCHEDULE "L"</b>		
<b>DEPRECIATION</b>		
1. Depreciation	78,911,197	55,814,113
	<u><b>78,911,197</b></u>	<u><b>55,814,113</b></u>





**TD POWER SYSTEMS LIMITED  
BANGALORE – 562 111**

**SCHEDULE "M "**

Notes attached to and forming part of Balance Sheet and Profit and Loss Account for the year ending 31<sup>st</sup> March 2011.

Consequent to a Special Resolution of the Members, passed at the Company's Extra Ordinary General Meeting held on 17<sup>th</sup> 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.

**1. Significant Accounting Policies.**

**1.1 Accrual System of Accounting:**

Company follows accrual system of accounting for all items of expenditure and income. Provision for warranties is made on an estimated basis.

**1.2 Fixed Assets:**

Fixed assets are stated at cost of acquisition excluding duties, inclusive of freight, taxes and incidental expenses relating to the acquisition and finance cost on specific borrowings utilized for acquisition of Fixed Assets less Depreciation.

**1.3 Inventories:**

Inventories are valued at cost or net realizable value for item specific, which ever is lower. Raw materials is valued under FIFO method as per Accounting Standard – 2 (Inventories) and raw material cost includes Material Cost, Carriage Inward, Insurance and Purchase related expenses.

**1.4 Depreciation:**

Depreciation is charged on Straight Line method as stipulated in Section 205 (2) (b) of the Companies Act, 1956, at the rates specified in Schedule XIV, prorata for the quarter of additions / deletions.

**1.5 Construction Contracts:**

Revenue in respect of indivisible contracts is on the basis of confirmation of delivery at site for full value of the equipment inclusive of corresponding erection and commissioning charges as indicated in the contract.

**1.6 Revenue Recognition:**

Sale of goods is recognized on shipment to customers, and exclusive of Excise duty and Sales tax.

**1.7 Foreign currency translation on overseas branch:**

The financial statement of foreign branch is translated in accordance with Accounting Standard 11 prescribed by the Institute of Chartered Accountants of India.

**1.8 Amortisation of Technical Know-how Fees:**

Technical Know-how Fees has been amortised over a period of 60 months.

**1.9 Taxes on Income:**

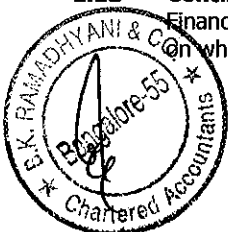
Provision for tax is made in terms of AS 22 for both current and deferred tax. Provision for current income tax if arises is made at the current tax rates based on assessable income. Deferred tax is recognised on timing difference between the accounting income and the taxable income for the year and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

**1.10 Borrowing Cost:**

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

**1.11 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.

#### 1.12 Employees Benefits:

##### i. Short Term Employee Benefits:

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

##### ii. Long Term Employee Benefits:

###### a. Defined Contribution Plans:

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

###### b. Defined Benefit Plans:

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

#### 1.13 Impairment of assets

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

#### 1.14 Accounting for lease:

##### i. Operating Lease:

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

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

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

#### 2. Contingent Liabilities etc.:

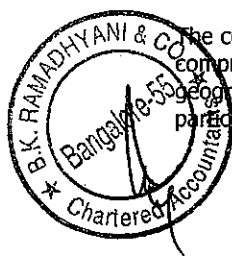
	31.03.2011(Rs.)	31.02.2010(Rs.)
i. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)	78,916,794	-
ii. Guarantees, Counter Guarantees given on Imports and Sale Contract etc. (net of margins held by bank)	1,055,047,279	829,048,472
iii. Corporate Guarantee issued to the bankers of the subsidiary company	3,790,000,000	3,790,000,000
iv. Corporate Guarantee issued on behalf of subsidiary company.	450,040,508	450,040,508
v. Outstanding Bills discounted under Letter of Credit	81,577,318	-

#### 3. Operational Lease

The Company has various operating lease for office, transit house and residential premises for employees that are renewable on a periodic basis, and cancelable at its option. Rental expenses for operating lease included in the Income Statement for the year is Rs. 17,045,961/- (Previous Year Rs. 15,346,913/-).

#### 4. 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.

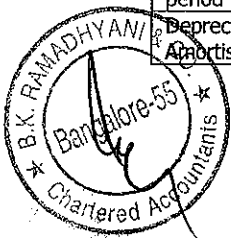
### Primary Segment Reporting – Profit & Loss Account

Particulars	CURRENT YEAR					
	Manufacturing	Project Business	Inter segment	Total	Common	Total
Revenue	3,480,439,985	1,643,471,134	(245,109,430)	4,878,801,689	-	4,878,801,689
Segment Cost	2,806,715,145	1,555,587,341	(245,109,430)	4,117,193,056	58,491,604	4,175,684,660
Operating Profit	673,724,840	87,883,793	-	761,608,633	(58,491,604)	703,117,029
Other Income	17,352,469	20,383,241	-	37,735,710	31,695,666	69,431,376
Profit before Interest, Depreciation & Tax	691,077,309	108,267,033	-	799,344,342	(26,795,938)	772,548,405
Interest	66,601,142	181,146	-	66,782,288	84,178	66,866,467
Depreciation & Amortisation	77,490,429	1,128,440	-	78,618,870	292,327	78,911,197
Profit before Tax	546,985,737	106,957,447	-	653,943,184	(27,172,444)	626,770,741
Provision no longer required	-	-	-	-	-	-
Tax/Deferred Tax	210,367,253	-	-	210,367,253	-	210,367,253
Profit after Tax	336,618,484	106,957,447	-	426,075,931	(27,172,444)	416,403,488

Particulars	PREVIOUS YEAR					
	Manufacturing	Project Business	Inter segment	Total	Common	Total
Revenue	2,762,735,441	-	(209,694,065)	4,335,887,848	-	4,335,887,848
Segment Cost	2,197,303,140	-	(209,694,065)	3,714,513,559	53,598,553	3,768,112,112
Operating Profit	565,432,301	55,941,988	-	621,374,289	(53,598,553)	567,775,736
Other Income	19,552,149	25,831,304	-	45,383,453	6,727,449	52,110,902
Profit before Interest, Depreciation & Tax	584,984,450	81,773,292	-	666,757,742	(46,871,104)	619,886,638
Interest	42,207,481	17,630	-	42,225,111	29,421	42,254,532
Depreciation & Amortisation	55,160,614	538,899	-	55,699,513	114,600	55,814,113
Profit before Tax	487,616,355	81,216,763	-	568,833,118	(47,015,125)	521,817,993
Provision no longer required	-	-	-	-	-	-
Tax/Deferred Tax	191,588,330	-	-	191,588,330	-	191,588,330
Profit after Tax	296,028,025	81,216,763	-	377,244,788	(47,015,125)	330,229,663

### Primary Segment Reporting – Assets & Liabilities

Particulars	CURRENT YEAR			
	Manufacturing	Project Business	Common	Total
Fixed Assets				
Gross Block	1,322,438,341	28,199,547	2,618,355	1,353,256,243
Less : Depreciation	223,520,979	9,986,350	-	233,507,329
Net Block	1,098,917,362	18,213,197	2,618,355	1,119,748,914
Current Assets Loans & Advances				
Inventories	777,166,439	-	-	777,166,439
Sundry Debtors	832,026,068	362,698,570	-	1,194,724,637
Cash and Bank Balance	-	158,375,190	751,132,565	909,507,755
Loans and Advances	259,488,107	27,785,897	88,948,189	376,222,192
Less : Current Liabilities	1,119,602,729	719,333,284	59,270,131	1,898,206,143
Net Current Assets	749,077,884	(170,473,629)	780,810,625	1,359,414,880
Capital expenditure during the period	102,555,468	1,966,532	-	104,522,000
Depreciation and Non Cash Amortisations during the year	77,782,756	1,128,440	-	78,911,197



**PREVIOUS YEAR**

Particulars	Manufacturing	Project Business	Common	Total
<b>Fixed Assets</b>				
Gross Block	1,117,489,077	24,266,482	110,810,884	1,252,566,443
Less : Depreciation	146,125,864	9,396,809	-	155,522,673
Net Block	971,363,214	14,869,673	110,810,884	1,097,043,771
				-
<b>Current Assets Loans &amp; Advances</b>				
Inventories	373,292,208	19,440	-	373,311,648
Sundry Debtors	804,058,642	327,810,007	-	1,131,868,648
Cash and Bank Balance	-	47,110,254	630,521,771	677,632,025
Loans and Advances	200,950,512	115,647,379	52,482,260	369,080,151
				-
Less : Current Liabilities	953,747,951	696,270,648	38,635,017	1,688,653,616
				-
Net Current Assets	424,553,411	(205,683,569)	644,369,014	863,238,855
				-
Capital expenditure during the period	630,124,113	5,118,966		635,243,079
Depreciation and Non Cash Amortisations during the year	55,275,214	538,899		55,814,113

**Secondary Segment Reporting – Profit & Loss Account**

**CURRENT YEAR**

Particulars	India	Japan	Inter Segment	Total
Revenue	3,922,059,550	1,201,851,570	(245,109,430)	4,878,801,689
Segment Cost	3,282,436,200	1,138,357,890	(245,109,430)	4,175,684,660
Operating Profit	639,623,349	63,493,680	-	703,117,029
Other Income	59,175,873	10,255,503	-	69,431,376
Profit before Interest, Depreciation & Tax	698,799,222	73,749,183	-	772,548,405
Interest	66,866,467	-	-	66,866,467
Depreciation & Amortization	78,670,213	240,983	-	78,911,197
Profit before tax	553,262,542	73,508,199	-	626,770,742
Provision no longer required	-	-	-	-
Tax/Deferred Tax/Fringe Benefit Tax	210,367,253	-	-	210,367,253
Profit after Tax	342,895,289	73,508,199	-	416,403,489

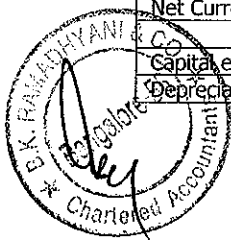
**PREVIOUS YEAR**

Particulars	India	Japan	Inter Segment	Total
Revenue	3,070,809,531	1,474,772,382	(209,694,065)	4,335,887,848
Segment Cost	2,526,537,713	1,451,268,464	(209,694,065)	3,768,112,112
Operating Profit	544,271,818	23,503,918	-	567,775,736
Other Income	42,790,422	9,320,480	-	52,110,902
Profit before Interest, Depreciation & Tax	587,062,240	32,824,398	-	619,886,638
Interest	42,254,532	-	-	42,254,532
Depreciation & Amortization	55,654,414	159,699	-	55,814,113
Profit before tax	489,153,294	32,664,699	-	521,817,993
Provision no longer required	-	-	-	-
Tax/Deferred Tax/Fringe Benefit Tax	191,588,330	-	-	191,588,330
Profit after Tax	297,564,964	32,664,699	-	330,229,663

**Secondary Segment Reporting – Assets & Liabilities**

**CURRENT YEAR**

Particulars	India	Japan	Total
<b>Fixed Assets</b>			
Gross Block	1,350,050,550	3,205,693	1,353,256,243
Less: Depreciation	231,903,046	1,604,283	233,507,329
Net Block	1,118,147,504	1,601,410	1,119,748,915
<b>Current Assets Loans &amp; Advances</b>			
Inventories	777,166,439	-	777,166,439
Sundry Debtors	1,059,734,186	134,990,451	1,194,724,637
Cash and Bank Balance	751,132,565	158,375,190	909,507,755
Loans and Advances	357,077,498	19,144,695	376,222,193
Less: Current Liabilities	1,720,886,508	177,319,636	1,898,206,143
Net Current Assets	1,224,224,180	135,190,700	1,359,414,880
Capital expenditure during the period	103,638,324	883,676	104,522,000
Depreciation & Non Cash Amortizations during the year	78,670,213	240,983	78,911,197



**PREVIOUS YEAR**

Particulars	India	Japan	Total
<i>Fixed Assets</i>			
Gross Block	1,250,244,427	2,322,016	1,252,566,443
Less: Depreciation	154,169,867	1,352,805	155,522,673
Net Block	1,096,074,560	969,211	1,097,043,772
			-
<i>Current Assets Loans &amp; Advances</i>			
Inventories	373,311,648	-	373,311,648
Sundry Debtors	890,246,714	241,621,934	1,131,868,648
Cash and Bank Balance	630,521,771	47,110,254	677,632,025
Loans and Advances	308,135,531	60,944,619	369,080,150
Less: Current Liabilities	1,438,604,854	250,048,763	1,688,653,617
			-
Net Current Assets	763,610,810	99,628,044	863,238,855
			-
Capital expenditure during the period	634,912,813	330,266	635,243,079
Depreciation & Non Cash Amortizations during the year	55,654,414	159,699	55,814,113

5. Deferred Tax Liability is calculated in accordance with AS 22, and the net tax liability for the year is debited to Profit & Loss Account.

	As at 31.03.11	As at 31.03.10
On account of timing difference		
i. Liability		
a. Depreciation on fixed Assets	90,871,114	77,217,264
b. Technical Know-how	(163,677)	(223,311)
<b>TOTAL</b>	<b>90,707,438</b>	<b>76,993,953</b>
ii. Asset		
a. Disallowance under Section 43 B and other sections	17,795,785	6,803,520
iii. <b>NET DIFFERENCE</b>	<b>72,911,653</b>	<b>70,190,433</b>

**6. Related Party Disclosure**

Transaction with key management personnel and their relatives:

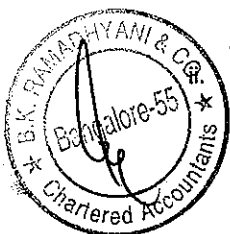
Sl No	Name of the Related Party	Relation	Nature of Transaction	As at 31.03.11	As at 31.03.10
01	Nikhil Kumar	Key Management Personnel	Directors Remuneration and Commission	36,955,363	29,082,648
02	Hitoshi Matsuo		Directors Remuneration and Commission	35,652,376	28,920,337
03	Tadao Kuwashima		Directors Remuneration	1,0032,265	7,473,633
04	Mohib Khericha		Sitting Fee	80,000	12,000
05	Mohib Khericha		Lease Rent	2,400,000	1,800,000
06	Mohib Khericha		Consultation Charges	-	3,30,900
07	D F Power Systems Private Limited	Subsidiary	Rent including service tax	13,988,489	3,391,056
08	Limited		Management Services	30,782,480	25,481,038
			Amount due from Subsidiary	-	11,459,186

**7. The Details of Earning Per Share (EPS) are as under**

i. BASIC AND DILUTED EPS	As at 31.03.11	As at 31.03.10
a. Profit After Tax (excluding Extra-Ordinary Items)	416,403,488	330,229,663
b. No of shares of Rs. 10/- each at the end of the year	24,370,401	6,343,567
c. No of Shares of Rs. 10/- each – Equivalent	11,088,897	6,343,567
c. Basic & Diluted EPS	37.55	52.06

**8. Balances with Foreign Banks**

i. With Bank of Tokyo Mitsubishi Limited, Tokyo	As at 31.03.11	As at 31.03.10
On Current Account	- Yen 55,556,966	91,329,325
On Short Term Deposits	- Yen 5,037,138	5,035,315
On Deposits	- USD 2,789,834	5,812
On Deposits	- USD 100	100
Maximum balance at any time during the year	- Yen 303,385,928	598,897,974
	- INR 164,981,268	291,124,305



As at 31.03.11      As at 31.03.10

**09. Earning in Foreign Exchange**

i. Others	269,741	530,177
ii. Exports – FOB	471,723,226	310,726,473

**10. Expenditure in Foreign Currency on Account of**

i. Others - On Payment Basis	50,982,081	38,640,219
ii. Capital Equipment Purchased	4,579,461	238,111,025

**11. Value of Imports Calculated on CIF Basis**

i. Raw Materials	376,589,993	248,278,457
ii. Capital Equipment Purchased	10,558,556	325,700,449

**12. Remuneration to Auditors (Excluding Service Tax):**

i. For Audit	850,000	700,000
ii. For Taxation (including indirect tax)	500,000	200,000
iii. For Management Services	50,000	50,000
iv. Others	336,253	3,365

**13. Value of Imported and indigenous raw materials, stores, spare parts and components consumed and percentage of each to the total consumption (including accretion/decretion):**

i. Value of imported raw materials, stores, spare parts and components consumed	- Value	352,619,740	165,616,383
	- Percentage	15.51	9.14
ii. Value of indigenous raw materials, stores, spare parts and components consumed	- Value	1,921,279,414	1,647,261,500
	- Percentage	84.49	90.86

**14. Consumption of major raw materials and components during the year:**

	Unit	Quantity	Value	Quantity	Value
i. Copper (Wires, strips, rods, Sheets etc)	Kgs	882,978	441,995,259	743,823	328,513,757
ii. Iron and Steel	Kgs	9,183,312	656,357,586	7,352,702	411,186,454
iii. Others - As the items are innumerable & hence quantative details not furnished including accretion/decretion			1,175,546,309		1,073,177,672

**15. Capacities and Production (Nos):**

Particulars	Generators		Motors	
	31.03.11	31.03.10	31.03.11	31.03.10
Installed Capacity	360	360	60	-
Opening Stock	1	1	-	-
Production	341	281	1	-
Sales	338	281	1	-
Closing Stock	4	4	-	-

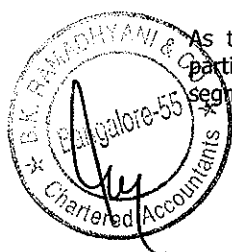
**16. Details of Sales and Purchases for Project Business:**

Class of Goods:

Power Generation Systems and Electrical Equipments

Turnover	Rs.	1,635,749,933	1,771,589,140
Purchase	Rs.	1,146,908,442	1,377,600,862

As the items are innumerable & project specific, quantity particulars of sale, turnover & purchases (excluding inter segmental purchases) have not been ascertained.



17. Disclosure in terms of Accounting Standard 29, on Provisions, Contingent Liabilities & Contingent Assets.

Movement of provisions for liabilities

Particulars	Taxation	Warranty Claims	Gratuity	Leave Encashment
Balance as on 01 <sup>st</sup> April 2010	511,201,322	22,053,039	634,613	13,397,651
Provided during the year	207,646,033	2,455,628	7,540,521	1,4971,976
Amounts used during the year	93,969	-	7,540,521	-
Transfer during the year	-	-	634,613	-
Balance as at 31 <sup>st</sup> March 2011	718,753,386	24,508,667	-	28,369,627
Timing of outflow/uncertainties -- On	Crystallization	Crystallization	Crystallization	Crystallization

Contingent Liabilities in respect of Guarantee is on devolvement and in respect of Bills Discounted and statutory levies are on demand by the concerned parties and settlement of disputes.

As at 31.03.11 As at 31.03.10

18. Interest and borrowing cost on specific borrowings relating to acquisition of capital assets has been capitalized as under up-to the date such assets brought to use.	-	2,473,152
Land	-	699,731
Buildings	-	207,555
Plant & Machinery	-	1,565,866
19. Direction Charges:		
i. Remuneration	36,230,997	26,968,916
ii. Contribution to Provident Fund	3,674,639	2,929,202
iii. Sitting Fees	2,00,000	12,000
iv. Commission	42,734,368	35,578,500
v. Travelling Expenses	7,628,005	5,901,252
vi. Value of Perquisites	780,000	895,663
TOTAL	91,248,009	72,285,533

20. Managerial Remuneration:-

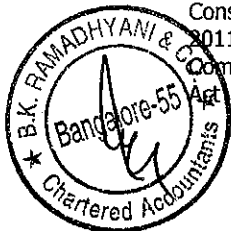
The Computation of net profit for the year ended March 31, 2011 under Section 309(5) of the Companies Act, 1956 is as under

	31.03.2011	31.03.2010
Profit before Tax	626,770,740	521,817,993
Add: Depreciation as per books	78,911,197	55,814,113
Add: Directors Remuneration	83,420,004	66,372,281
Add: Loss on sale of fixed assets	364,070	265,159
Add: Stamp duty paid on increase of authorized share capital	1,375,000	-
TOTAL	790,841,011	644,269,546
Less: Depreciation under section 350	78,911,197	55,814,113
Total	78,911,197	55,814,113
NET PROFIT	711,929,815	588,455,433
Commission to Managing Director	21,367,184	17,789,250
Commission to Jt. Managing Director	21,367,184	17,789,250

The remuneration (including commission) paid to the Managing Director, Jt. Managing Director and the Director-Technical for the year ended March 31, 2011 amounts to Rs 83,420,004/- details of which are as follows:

	Managing Director	Jt. Managing Director	Director Technical
Remuneration			
Salary & Perquisite	12,244,192	14,368,179	8,464,265
LTA & Medical Expenses	-	2,000,000	-
Ex-gratia	2,041,000	-	1,568,000
Commission	21,367,184	21,367,184	-
TOTAL	35,652,376	37,735,363	10,032,265
Prorata wef 17.01.2011	7,228,153	7,650,457	2,033,939

Consequent to a Special Resolution passed at the Extra ordinary General Meeting held on 17<sup>th</sup> January 2011, the Company converted to a Public Limited Company. In terms of the opinion obtained by the Company the existing appointments are deemed to be appointments u/s Section 269 of the Companies Act 1956 and the remuneration payable to the aforesaid directors for the period 17-Jan-2011 to 31-



Mar-2011 amounting to Rs. 16,912,549/- is governed by Clause (C) of Section II of Part II of Schedule XIII of the Companies Act 1956 and as specified the remuneration paid as above were approved by the Remuneration Committee of the Board at its meeting held on 15<sup>th</sup> March 2011 and is subject to approval of the Shareholders.

21. Based on availability and subject to its captive requirements, the company makes available its technical, marketing and financial personnel on chargeable basis to its subsidiary company M/s DF POWER SYSTEMS PRIVATE LIMITED, for execution of projects undertaken by the said subsidiary company. The value of this transaction was Rs. 30,782,480/- (Previous Year Rs. 25,481,038/-). The company has been advised that the same would not be covered by Section 297 of the Companies Act 1956.
22. 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 amounting to Rs. 31,391,530/- including Rs. 9,096,720/- towards interest on such short deduction/payment under Forms 27EQ, 26Q & 24Q. The company has preferred an appeal against the demand notice for an amount of Rs. 31,377,260/- and rectification thereon.

23. Disclosure under The Micro, Small & Medium Enterprises Development Act, 2006 in respect of establishments considered as Micro, Small & Medium Enterprise based on the information made available by the Suppliers.

i. Overdue amount outstanding at the year ended	20,970,646	22,008,067
ii. Interest payable on over due bills including paid / payable subsequently.	2,529,316	828,750
iii. Total amount of interest along with the amount of the payment made during the year to the suppliers beyond appointed day	93,852,150	47,377,119
iv. Total amount of interest along with the amount of the payment made to suppliers during the year on account of reference made by the suppliers to facilitation council	-	-
v. Total amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding interest specified under this Act.	-	-
vi. Total amount of interest accrued during the year and remaining unpaid at the end of year	2,529,316	828,750
vii. Total amount of further interest remaining due and payable in succeeding years.	5,897,230	3,367,914

24. Consequent to the announcement by the ICAI in 2005, following are the disclosures as required for the derivative instruments on hedging foreign currency exposures.

Foreign currency exposures hedged:

i. Assets (Receivables)	-	-
ii. Liabilities (Payables)	-	-
iii. Others	-	-

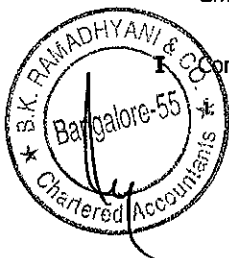
Foreign currency exposures not hedged:

i. Assets (Receivables)	80,788,839	27,873,256
ii. Liabilities (Payables)	87,028,683	22,413,028
iii. Others	-	-

25. Disclosure requirement of AS-15 Revised (2005) "Employee Benefits" – Defined Contribution Plan

Contribution to Defined Contribution, recognized as expenses for the year are as under:

Particulars	31.03.2011	31.03.2010
Employer's Contribution to Provident Fund	11,657,873	8,790,767
Component of employer expenses		
Gratuity		Leave Encashment
Current Cost Service	1,496,321	15,640,325





ii. Interest cost	682,305	1,071,812
iii. Expected Return on plan assets	1,270,321	-
iv. Past Service Cost	-	-
v. Actuarial Losses/(Gains)	(5,799,934)	(529,391)
vi. Total expenses recognized in the Statement of Profit and Loss	6,707,578	16,182,746
<b>II Actual Contribution and Benefits Payments for the period ended</b>		
i. Actual benefit payments	(376,616)	-
ii. Actual Contributions	7,540,521	-
<b>III Net asset/(liability) recognized in balance sheet as at</b>		
i. Present value of Defined Benefit Obligation	16,130,761	28,369,627
ii. Fair Value of plan assets	21,944,571	-
iii. Funded status [Surplus/(Deficit)]	(5,814,471)	(28,369,627)
iv. Unrecognized Past Service Costs	-	-
v. Net asset/(liability) recognized in balance sheet	(5,814,471)	(28,369,627)
<b>IV Change in Defined Benefit Obligations during the year ended</b>		
i. Present value of DBO at beginning of period	8,528,817	13,397,651
ii. Current Service Cost	1,496,321	15,640,325
iii. Interest Cost	682,305	1,071,812
iv. Actuarial (gains)/losses	(5,799,934)	(529,391)
v. Benefits Paid/ Service Charge	376,616	(1,210,770)
vi. Present value of DBO at the end of period	16,130,761	28,369,627
<b>V Change in Fair Value of Assets during the year ended</b>		
i. Plan assets at beginning of period	1,3510,345	-
ii. Expected return on plan assets	1,270,982	-
iii. Actuarial gain/(loss)	-	-
iv. Actual Company contributions	7,540,521	-
v. Benefits paid/Service Cost	376,616	-
vi. Plan assets at the end of period	21,944,571	-
<b>VI Actuarial Assumptions</b>		
i. Discount Rate	8.00%	8.00%
ii. Expected Return on plan assets	8.00%	8.00%
iii. Salary escalation	7.00%	8.00%
iv. Attrition Rate	5.00%	5.00%

26. All the expense related to proposed capital rising is grouped under pre-paid expenses.

27. Figures in brackets refer to previous year ended 31<sup>st</sup> March 2010 and are re-grouped wherever necessary to conform to the presentation of the current year accounts and have been rounded off to the nearest Rupee.

As per our report of even date.

For and behalf of the Board of Directors

For B.K. RAMADHYANI & CO.  
Chartered Accountants

R SATYANARAYANA MURTHI  
Partner- M. No. 024248

**B.K. RAMADHYANI & COMPANY**  
CHARTERED ACCOUNTANTS  
# 4-B, Chitrapura Bhevan,  
No. 08, 8th Main, 15th Cross,  
Maddurwaram, Bangalore-560 055.

Place: Bangalore  
Date: 30<sup>th</sup> May 2011

Mohib N Khericha  
Chairman

Nikhil Kumar  
Joint Managing Director

K G Prabhakar  
Chief Financial Officer

N Srivatsa  
Company Secretary

*(Mohib N. Khericha)*

*Nmuk*

*Prabhakar*

*N Srivatsa*

**TD POWER SYSTEMS LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011**

Amount in Rs.  
Previous Year

	Current Year	Previous Year
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extraordinary items	626,770,741	521,817,993
Adjustments for		
Depreciation	78,911,197	55,814,113
(Profit) / Loss on sale of Fixed Asset	364,070	103,643
Dividend Income	(706,000)	(7,500)
Interest Income	(27,137,668)	(27,170,030)
Interest Payments	66,866,467	42,254,531
Provision for Warranty Claims	2,455,628	(1,362,742)
Provision for Gratuity & Leave Encashment	22,512,497	4,068,873
	<u>143,266,191</u>	<u>73,700,888</u>
<b>Operating profit before Working Capital Changes</b>	<b>770,036,932</b>	<b>595,518,881</b>
Adjustments for		
Trade Receivables	(62,855,989)	(237,213,284)
Other Receivables	7,874,634	(23,075,249)
Inventories	(403,854,791)	(47,936,542)
Trade Payables	173,031,777	152,425,598
<b>Cash generated from Operations</b>	<b>484,232,563</b>	<b>439,719,404</b>
Payment of Fringe Benefit Tax	-	509,850
Payment of Gratuity	7,540,521	2,210,801
Direct Taxes Paid	217,808,617	169,674,910
<b>Net Cash Flow from Operating Activities</b>	<b>258,883,425</b>	<b>267,323,843</b>
<b>B Cash flow from Investing Activities</b>		
Purchase of Fixed Assets	(124,958,622)	(626,667,174)
Purchase of Investments	(171,075,000)	(29,500,000)
Sale of Fixed Asset / Purchase of Investments	3,832,202	2,780,879
Dividend Received	706,000	7,500
Interest Received	27,137,668	49,012,005
<b>Net Cash used in investing activities</b>	<b>(264,357,752)</b>	<b>(604,366,790)</b>
<b>C Cash flow from financing activities</b>		
Proceeds from issuance of Share Capital	13,549,000	-
Share Premium	156,825,000	-
Refund on Income Tax	-	3,886,039
Long term borrowings	(75,854,000)	241,575,706
Temporary Borrowing	-	(18,644,950)
Unsecured Loans & Deposits	249,595,243	7,236,475
Working Capital borrowings	(261,121)	164,863,241
Interest Paid	(69,395,783)	(43,083,281)
Dividend and Tax on Dividend paid	(37,108,281)	(37,108,281)
<b>Net Cash flow from financing activities</b>	<b>237,350,058</b>	<b>318,724,949</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>231,875,731</b>	<b>(18,317,998)</b>
<b>Cash and cash equivalents at the beginning</b>	<b>677,632,025</b>	<b>678,191,056</b>
<b>Cash and cash equivalents at close</b>	<b>909,507,755</b>	<b>659,873,058</b>
Actual Closing Cash Balance	909,507,755	677,632,025
Add : Non-Cash Equivalents	-	(17,758,968)
<b>Cash and cash equivalents at Close</b>	<b>909,507,755</b>	<b>659,873,058</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.  
Chartered Accountants

R SATYANARAYANA MURTHI  
Partner - M.No. 024218

**B.K. RAMADHYANI & COMPANY**  
CHARTERED ACCOUNTANTS  
# 4-B, Chittappa Shivan,  
No. 68, 8th Main, 10th Cross,  
Malleshwaram, Bangalore - 560 055.

Bangalore  
Date : 30th May 2011

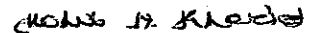
For and on behalf of Board of Directors

Mohib N Khericha  
Chairman

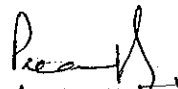
Nikhil Kumar  
Joint Managing Director

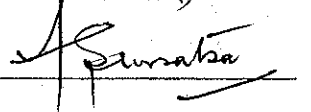
K G Prabhakar  
Chief Financial Officer

N Srivatsa  
Company Secretary









**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I. REGISTRATION DETAILS**

REGISTRATION NO. 

						2	5	0	7	1
--	--	--	--	--	--	---	---	---	---	---

  
 BALANCE SHEET DATE 

3	1			0	3			2	0	1	1
---	---	--	--	---	---	--	--	---	---	---	---

STATE CODE 

0	8
---	---

**II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN Rs.)**

PUBLIC ISSUE  

		N	I	L		
--	--	---	---	---	--	--

RIGHT ISSUE  

		N	I	L		
--	--	---	---	---	--	--

BONUS ISSUE  

1	6	2	4	6	9	3	4	0
---	---	---	---	---	---	---	---	---

PRIVATE PLACEMENT  

8	1	2	3	1	6	7	0
---	---	---	---	---	---	---	---

**III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS ( AMOUNT IN Rs.)**

TOTAL LIABILITIES  

2	6	3	0	8	1	3	7	6	1
---	---	---	---	---	---	---	---	---	---

TOTAL ASSETS  

2	6	3	0	8	1	3	7	6	1
---	---	---	---	---	---	---	---	---	---

**SOURCE OF FUNDS**

PAID UP CAPITAL  

2	4	3	7	0	4	0	1	0
---	---	---	---	---	---	---	---	---

RESERVES & SURPLUS  

1	5	3	1	4	3	6	1	1	3
---	---	---	---	---	---	---	---	---	---

SECURED LOANS  

6	0	5	6	7	3	6	3	8
---	---	---	---	---	---	---	---	---

UNSECURED LOANS  

2	5	0	0	0	0	0	0	0
---	---	---	---	---	---	---	---	---

**APPLICATION OF FUNDS**

NET FIXED ASSETS  

1	1	1	9	7	4	8	9	1	3
---	---	---	---	---	---	---	---	---	---

INVESTMENT  

2	0	4	1	2	5	0	0	0
---	---	---	---	---	---	---	---	---

NET CURRENT ASSET  

1	3	5	9	4	1	4	8	8	0
---	---	---	---	---	---	---	---	---	---

MISC. EXPENDITURE  

		N	I	L		
--	--	---	---	---	--	--

ACCUMULATED LOSSES  

		N	I	L		
--	--	---	---	---	--	--

**IV. PERFORMANCE OF THE COMPANY ( AMOUNT IN Rs.)**

TURNOVER  

4	9	4	8	2	3	3	0	6	5
---	---	---	---	---	---	---	---	---	---

TOTAL EXPENDITURE  

4	3	2	1	4	6	2	3	2	4
---	---	---	---	---	---	---	---	---	---

PROFIT BEFORE TAX  

6	2	6	7	7	0	7	4	1
---	---	---	---	---	---	---	---	---

PROFIT AFTER TAX  

4	1	6	4	0	3	4	8	8
---	---	---	---	---	---	---	---	---

EARNINGS PER SHARE IN RS.  

		3	7	.	5	5
--	--	---	---	---	---	---

DIVIDEND RATE %  

		2	0	.	0	0
--	--	---	---	---	---	---

**V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY ( AS PER MONETARY TERMS)**

ITEM CODE NO. (ITC CODE) 

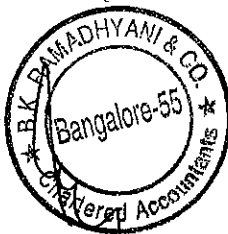
3	6	0	1
---	---	---	---

3	6	0	4
---	---	---	---

PRODUCT DESCRIPTION 

A	C	G
---	---	---

E	L	E	C	T	R	I	C
M	O	T	O	R			



**TD POWER SYSTEMS LIMITED  
BANGALORE - 562 111.**

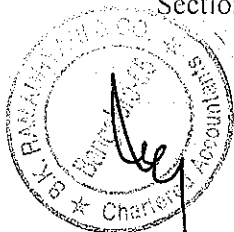
**03<sup>rd</sup>**

**CONSOLIDATED FINANCIAL  
STATEMENTS 2010-2011**

**Abridged Consolidated Balance Sheet and Profit and loss account for the year  
ended 31<sup>st</sup> March 2011**

**AUDITOR'S REPORT TO THE MEMBERS OF TD POWER SYSTEMS LIMITED,**  
**BANGALORE**

1. We have audited the attached Consolidated Balance Sheet of TD Power Systems Limited, Bangalore and its subsidiary (collectively referred as "TDPS group") as at 31<sup>st</sup> March 2011, Consolidated Profit and Loss Account and also the Consolidated Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Without qualifying, reference is drawn to note 8, Schedule M in respect of the remuneration payable to the Directors, which is subject to approval of the Shareholders.
4. Further to our comments in the Annexure referred to above, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. In our opinion, proper books of accounts as required by law have been kept by the Company, so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branch not visited by us.
  - iii. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account and with the returns from the branches.
  - iv. In our opinion the Balance sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - v. On the basis of written representations received from the directors, as on 31<sup>st</sup> March 2011 and taken on record by the board of directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.



- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
- a. In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31.3.2011; and
- b. In the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date.
- c. In the case of Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

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

  
(R.SATYANARAYANA MURTHI)  
Partner  
Membership No.024248

B.K.Ramadhyani & Co  
Chartered Accountants  
4B, Chitrapur Bhavan  
8th Main, 15th Cross, Malleswaram  
BANGALORE-560 055  
Date: 30<sup>th</sup> May, 2011

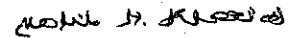
**B.K. RAMADHYANI & COMPANY**  
CHARTERED ACCOUNTANTS  
# 4-B, Chitrapura Bhavan,  
No. 08, 8th Main, 15th Cross,  
Malleswaram, Bangalore-560 055.

<b>Statement relating to wholly owned Subsidiary</b>		
<b>(In terms of Directions u/S 212 (8) of the Companies Act, 1956, vide Circular No.2/2011 dated February 8 2011)</b>		
<b>Name of Subsidiary</b>	<b>DF Power Systems Private Limited</b>	
<b>Particulars</b>	<b>March 31 2011 (Rupees)</b>	<b>March 31 2010 (Rupees)</b>
(a) Share capital (* Share Application money pending allotment)	60,000,000	45,500,000 *
(b) Reserves	255,981,096	105,130,334
(c) Total Assets	2,296,366,422	2,299,132,467
(d) Total Liabilities	1,980,385,326	2,148,502,133
(e) Details of Investment	Nil	Nil
(f) Turnover	1,664,404,230	3,069,239,160
(g) Profit before taxataion	229,795,815	169,020,177
(h) Provision for taxation	80,011,465	63,500,000
(I) Profit after taxation	150,850,762	104,876,456
(j) Proposed dividends	13,993,050	1,169,950

For and on behalf of the Board of Directors



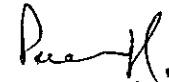
**Nikhil Kumar**  
Joint Managing Director



**Mohib N. Khericha**  
Chairman



**N. Srivatsa**  
Company Secretary



**K. G. Prabhakar**  
Chief Financial Officer

Place: Bangalore  
Date: May 30 2011

**TD POWER SYSTEMS LIMITED**

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2011**

	Schedule	In Rs.	As at 31st March 2010 In Rs.
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
a) Capital	A	243,704,010	63,435,670
b) Share Application Money (Pending Allotment)		-	3,833,333
c) Reserves & Surplus	B	1,629,349,160	1,249,574,524
d) Minority Interest (Refer Sl No 03 under Schedule L)		-	45,919,802
		1,873,053,170	1,362,763,329
<b>LOAN FUNDS</b>			
a) Secured Loans	C	605,673,638	682,193,517
b) Unsecured Loans	D	250,000,000	-
		855,673,638	682,193,517
<b>TOTAL</b>		<b>2,728,726,808</b>	<b>2,044,956,846</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
a) Gross Block	E	1,367,978,890	1,260,441,227
b) Less : Depreciation		235,953,073	156,401,802
c) Net Block		1,132,025,817	1,104,039,425
d) Capital Work in progress (At cost)		20,436,621	-
		1,152,462,438	1,104,039,425
<b>INVESTMENT</b>	F	50,000	3,883,333
<b>DEFERRED TAX LIABILITY (NET)</b>		71,675,641	70,020,833
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
a) Inventories	G	777,166,439	373,311,648
b) Sundry Debtors		2,039,759,160	2,066,757,966
c) Cash & Bank Balances		2,078,030,595	1,436,237,634
d) Loans & Advances		645,097,948	940,525,047
		5,540,054,142	4,816,832,294
<b>Less : CURRENT LIABILITIES &amp; PROVISIONS</b>	H		
a) Current Liabilities		3,766,545,317	3,734,582,265
b) Provisions		125,618,814	75,195,108
		3,892,164,131	3,809,777,373
<b>NET CURRENT ASSETS</b>		1,647,890,011	1,007,054,921
<b>TOTAL</b>		<b>2,728,726,808</b>	<b>2,044,956,846</b>
<b>NOTES ON ACCOUNTS</b>			
	M		

FOOT NOTE : Schedules referred to above and the Notes attached form an integral part of the Balance Sheet

As per our report of even date

For and on behalf of Board of Directors

For B.K. RAMADHYANI & CO.  
Chartered Accountants

Mohib N Khericha  
Chairman

*Mohib N. Khericha*

R SATHYANARAYANA MURTHI  
Partner - M.No.200/24248

Nikhil Kumar  
Joint Managing Director

*Nikhil Kumar*

**B.K. RAMADHYANI & COMPANY**  
CHARTERED ACCOUNTANTS  
# 4-B, Chitrapura Bhevan,  
No. 68, 8th Main, 15th Cross,  
Madduram, Bangalore-560 055.  
Date : 30th May 2011

K G Prabhakar  
Chief Financial Officer

*K G Prabhakar*

N Srivatsa  
Company Secretary

*N Srivatsa*



**TD POWER SYSTEMS LIMITED**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011**

	Schedule	Current Year In Rs.	Previous Year In Rs.
<b>INCOME</b>			
Gross Sales		8,917,334,968	7,566,318,540
Less : Excise Duty Paid		<u>280,075,118</u>	<u>184,111,215</u>
Net Sales		8,637,259,850	7,382,207,325
Other Income	I	109,166,680	71,639,529
<b>TOTAL</b>		<b><u>8,746,426,530</u></b>	<b><u>7,453,846,853</u></b>
<b>EXPENDITURE</b>			
Consumption of Raw Materials, Stores, Spares parts & Components	J	2,273,899,154	1,812,877,883
Purchases for Projects Business		4,467,149,322	4,120,975,194
Operating and Other Expenses	K	1,001,803,146	730,128,321
Interest and Finance Charges			
On Fixed Loans		26,298,492	27,323,909
On Other Accounts		<u>40,567,975</u>	<u>14,930,622</u>
Loss on Sale of Fixed Asset (Net)		66,866,467	42,254,531
Depreciation	L	364,070	265,159
		<u>80,477,812</u>	<u>56,507,597</u>
		<b><u>7,890,559,971</u></b>	<b><u>6,763,008,685</u></b>
<b>PROFIT BEFORE TAXATION</b>		855,866,559	690,838,168
Less : Provision for Taxation (net)		287,500,000	223,500,000
Less : Provision for Wealth Tx		157,498	93,969
Less / Add : Deferred Tax (net)		1,654,809	32,138,082
<b>PROFIT AFTER TAX</b>		566,554,252	435,106,117
Less : Minority Interest			32,480,254
Less : Captial Reserve		24,654,712	-
Add : Prior period adjustment		349,015	-
Balance of Profit brought forward from previous year		1,108,492,358	785,505,953
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>			
Appropriations:			
Less : Capitalisation of Reserve		162,469,343	-
Less : Provision for Dividend on Equity Shares (including Tax on Dividend)		70,829,090	37,927,246
Less : Transfer to General Reserve		42,668,179	41,712,211
<b>Balance of Profit Carried to Balance Sheet</b>		<b><u>1,374,774,302</u></b>	<b><u>1,108,492,358</u></b>
EPS - Basic ( on Re. 10/- per share)		<b>51.09</b>	<b>68.59</b>
EPS - Diluted ( on Re. 10/- per share)		<b>51.09</b>	<b>68.59</b>

**NOTES ON ACCOUNTS**

M

FOOT NOTE : Schedules referred to above and the Notes attached form an integral part of the Profit & Loss Account

As per our report of even date

For B.K. RAMADHYANI & CO.  
Chartered Accountants

R SATYANARAYANA MURTHI  
Partner - M.No.200/24248

**B.K. RAMADHYANI & COMPANY**  
CHARTERED ACCOUNTANTS

# 4-B, Chitrapura Bhavan,  
No. 68, 8th Main, 15th Cross.

Bangalore  
Date : 30 March 2011

For and on behalf of Board of Directors

Mohib N Khericha  
Chairman

Nikhil Kumar  
Joint Managing Director

K G Prabhakar  
Chief Financial Officer

N Srivatsa  
Company Secretary

**CONSOLIDATED SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH 2011**

	In Rs.	As at 31st March 2010 In Rs.
<b>SCHEDULE "A"</b>		
<b>Authorised :</b>		
35,000,000 (10,000,000) Equity Shares of Rs. 10/- each	350,000,000	100,000,000
<b>TOTAL</b>	<b>350,000,000</b>	<b>100,000,000</b>
<b>Issued, Subscribed and Paid-up :</b>		
24,370,401 (6,343,567) Equity Shares of Rs. 10/- each	243,704,010	63,435,670
	<b>243,704,010</b>	<b>63,435,670</b>

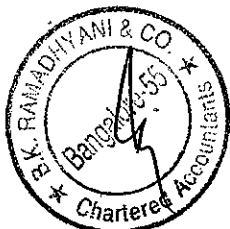
**NOTES :**

Equity Share Capital includes 2,000,000 Shares of Rs. 10/- each allotted as fully paid up by way of bonus shares (i) On Capitalisation of Reserve to an extent of 1,000,000 Equity Shares on 05th July 2001 (ii) On Capitalisation out of Surplus in Profit & Loss Account to an extent of 1,000,000 Equity Shares on 16th December 2004 (iii) On Capitalisation out of Reserves to an extent of 16,246,934 Equity Shares on 11th January 2011.

4,25,000 fully paid up equity shares were issued to the shareholder of subsidiary company in exchange of 16,99,998 fully paid up equity shares on 18th October 2010.

**SCHEDULE "B"**

	In Rs.	As at 31st March 2010 In Rs.
<b>RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b>		
Opening Balance	1,004,701	
Add : Additions during the year	24,654,712	
Add : Minority Interest Share on acquisition	33,419,802	
Add : Capital reserve on account of cost of investment over face value	12,750,000	
	71,829,215	1,004,701
<b>Share Premium Account</b>		
Opening Balance	8,517,516	8,517,516
<b>Balance Carried Forward</b>	8,517,516	8,517,516
<b>General Reserve Account</b>		
Opening Balance	131,559,949	89,847,738
Add : Additions during the year	42,668,179	41,712,211
<b>Balance Carried Forward</b>	174,228,128	131,559,949
<b>Profit &amp; Loss Account</b>		
Balance in P & L Account	1,374,774,302	1,108,492,358
<b>Balance Carried Forward</b>	1,374,774,302	1,108,492,358
	<b>1,629,349,160</b>	<b>1,249,574,524</b>



**CONSOLIDATED SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH 2011**

	In Rs.	As at 31st March 2010 In Rs.
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**SCHEDULE "C"**

**SECURED LOANS**

a) Loans and Advances from Banks		
1. Term Loan from Bank of Baroda	314,254,525	390,108,525
2. Working Capital	283,784,403	284,045,524
b) Other Loans		
For Assets purchased under Hire Purchase	7,634,710	8,039,467
	<u>605,673,638</u>	<u>682,193,517</u>

**Notes:**

Balance of Term Loan from M/s Bank of Baroda as on 31 <sup>st</sup> March. Secured by the First charge on Land, Building, Specific Plant & Machinery, Furniture and Office Equipment, First Charge on all Current Assets of the company and Personal Guarantee of two Directors - Mr. Nikhil Kumar & Mr. Hitoshi Matsuo.		
i.	314,254,525	390,108,525
Balance of Working Capital Loan from M/s Bank of Baroda as on 31 <sup>st</sup> March – Secured by Hypothecation of Raw Materials, Goods-in-process, Finished Goods and Book Debts and a charge on Fixed assets of the company and secured by Personal Guarantee of two Directors - Mr. Nikhil Kumar & Mr. Hitoshi Matsuo.		
ii.	283,784,403	284,045,524
iii.	7,634,710	8,039,467
From ICICI Bank - Secured by specific charge on Motor Vehicles.		

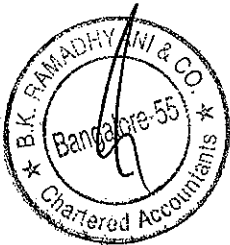
	In Rs.	As at 31st March 2010 In Rs.
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**SCHEDULE "D"**

**UNSECURED LOANS**

Unsecured Loan from M/s Bank of Baroda	250,000,000	-
	<u>250,000,000</u>	<u>-</u>

The company has borrowed an unsecured short term working capital demand loan for a period of six months from M/s Bank of Baroda, Bangalore.



**CONSOLIDATED SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH 2011**

**SCHEDULE "E"**

**FIXED ASSETS - OWNED**

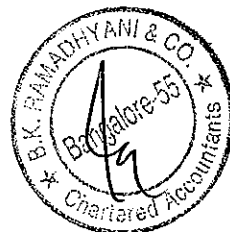
(In Rs.)

	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK		
	As at 1st April 2010	Additions	Deletions	As at 1st March 2011	As at 1st April 2010	Additions	Withdrawals during the period	As at 31st March 2011	As at 31st March 2010
Free Hold Land	108,495,700	19,077,304	-	127,573,004	-	-	-	127,573,004	108,495,700
Lease Hold Land (*)	2,315,184	-	2,315,184	-	-	-	-	-	2,315,184
Buildings	261,968,478	20,437,889	-	282,406,367	22,708,396	8,865,429	-	250,832,542	239,260,082
Plant & Machinery (**)	790,331,403	48,513,271	-	838,844,674	103,580,044	60,591,124	-	674,673,506	687,451,424
Office Equipments	13,017,317	3,383,849	400,947	16,000,219	1,935,896	579,299	171,405	13,656,429	12,498,451
Furniture & Fixtures	13,673,495	2,014,989	-	15,688,484	5,341,018	1,208,968	-	9,138,498	8,611,812
Computers	36,303,496	5,395,891	501,043	41,198,344	14,671,509	5,213,259	492,210	21,805,786	23,410,018
Communication Equipments	1,369,464	318,385	-	1,687,849	544,631	64,887	-	1,078,331	824,833
Motor Vehicles (***)	32,966,689	12,228,288	615,028	44,579,949	7,620,308	3,954,846	262,926	33,267,721	28,166,575
<b>TOTAL</b>	<b>1,260,441,226</b>	<b>111,369,866</b>	<b>3,832,202</b>	<b>1,367,978,890</b>	<b>156,401,802</b>	<b>80,477,812</b>	<b>926,541</b>	<b>1,132,025,817</b>	<b>1,111,034,079</b>
Previous Year	622,112,358	641,109,748	2,780,879	1,260,441,227	101,616,404	56,507,598	1,722,200	1,104,039,426	

(\*) Sale deed has been executed by KIADB in favour of company on 09th February 2011 for land purchased under Lease Cum Sale Basis.

(\*\*) Accumulated depreciation as on 01st April 2004 under Owned Assets includes accumulated depreciation of leased asset also.

(\*\*\*) Dues w.r.t Motor Vehicles under Hire Purchase Scheme from ICICI Bank Limited amount 7,634,710 (Previous Year Rs. 8,039,467)

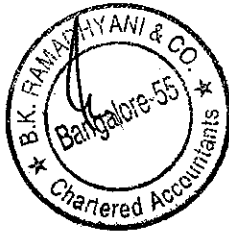


**CONSOLIDATED SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH 2011**

	Nos	Face Value Rs.	In Rs	As at 31st March 2010 In Rs.
<b>SCHEDULE "F"</b>				
<b>INVESTMENTS LONG TERM - UNQUOTED NON-TRADE (AT COST)</b>				
2,000 Share of M/s The Shamrao Vithal Co-operative Bank limited @ Rs. 25/- each	2,000	25	50,000	50,000
Subscription to Equity Share Capital in Subsidiary - M/s D F Power Systems Private Limited @ Rs. 10/- each - Pending Allotment			-	3,833,333
			<u>50,000</u>	<u>3,883,333</u>

**Note :**

- 1 No permanent diminution is expected in investment of intrinsic value of this strategic investment which is long term.



**CONSOLIDATED SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH 2011**

In Rs. As at 31st  
March 2010  
In Rs.

**SCHEDULE "G"**

**CURRENT ASSETS, LOANS & ADVANCES**

**A. Current Assets**

**1. Inventories**

i. Raw Material	200,599,478		128,987,510	
ii. Process Stock	502,121,944		243,969,271	
iii. Finished Goods	47,005,942		335,427	
iv. Material Pending at Port	25,435,530			
v. Stock of Trading Goods	<u>2,003,545</u>		<u>19,440</u>	
		777,166,439		373,311,648

**2. Sundry Debtors - Unsecured, Considered good unless and otherwise stated**

i. Debts outstanding for a period exceeding six months	624,298,866		218,227,357	
ii. Other Debts	<u>1,415,460,294</u>		<u>1,848,530,609</u>	
		2,039,759,160		2,066,757,966

**3. Cash and Bank Balances**

a. Cash on Hand	164,626		217,520	
b. Cheques in hand	2,586,462		57,927,044	
c. Other accounts				
- On Current Account	296,017,722		110,188,083	
- On Short Term Deposit & Margins	<u>1,779,261,785</u>		<u>1,267,904,986</u>	
		2,078,030,595		1,436,237,634

**B. Loans and Advances - Unsecured, Considered good**

a. Sundry Advances	581,121,772		884,965,528	
b. Central Excise Deposits	10,654,358		33,037,404	
c. Advance payment of tax (net)	<u>53,321,818</u>		<u>22,522,115</u>	
		645,097,948		940,525,047
		<u>5,540,054,142</u>		<u>4,816,832,294</u>



**CONSOLIDATED SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH 2011**

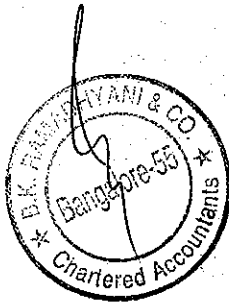
In Rs.

As at 31st  
March 2010  
In Rs.**SCHEDULE "H"****CURRENT LIABILITIES & PROVISIONS****A. Current Liabilities**

Sundry Creditors			
- Due to Micro & Small Enterprises	26,474,689	26,414,360	
- Others	1,303,480,693	1,220,429,588	
Reserve for Future Contract	829,782,993	305,266,471	
Trade Advances	920,080,118	1,462,393,510	
Other liabilities	<u>686,726,824</u>	<u>720,078,336</u>	
	3,766,545,317		3,734,582,265

**B. Provisions for**

Warranty Claims	24,508,667	22,053,059	
Gratuity		634,613	
Leave Encashment	30,281,057	14,580,190	
Equity Dividend	<u>70,829,090</u>	<u>37,927,246</u>	
	125,618,814		75,195,108

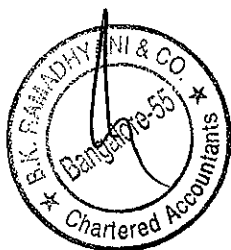
**3,892,164,131****3,809,777,373**

**CONSOLIDATED SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011**

	Current Year In Rs.	Previous Year In Rs.
<b>SCHEDULE "I"</b>		
<b>SALES</b>		
Sale of Goods - Inland - Manufacturing	3,472,182,967	2,752,257,113
Sale of Goods - Inland - Projects Business	4,716,873,026	3,648,402,726
Sale of Goods - Overseas Branch - Project Business	<u>1,201,851,570</u>	<u>1,474,772,382</u>
	9,390,907,563	7,875,432,221
Miscellaneous Services	<u>15,978,219</u>	<u>21,735,660</u>
	15,978,219	21,735,660
<b>TOTAL</b>	<u><u>9,406,885,782</u></u>	<u><u>7,897,167,881</u></u>
Less : Provision for Future Contract / Warranty Claims (Net)	524,516,502	305,266,491
Less : Intersegmental Sales - Manufacturing	245,109,430	209,694,065
<b>NET SALES</b>	<u><u>8,637,259,850</u></u>	<u><u>7,382,207,325</u></u>

**OTHER INCOME**

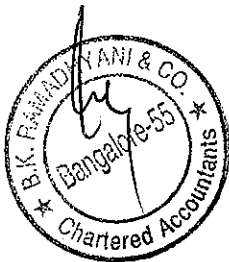
Interest from Banks on deposits (at gross, TDS Rs. 9.920.036/-) (Previous Year 9.487.341/-)	103,447,256	50,089,713
Miscellaneous Income	5,713,424	21,542,315
Dividend Income (at gross)	6,000	7,500
	<u><u>109,166,680</u></u>	<u><u>71,639,529</u></u>





**CONSOLIDATED SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011**

	Current Year		Previous Year	
	In Rs.		In Rs.	
<b>SCHEDULE "J"</b>				
<b>CONSUMPTION OF RAW MATERIALS, STORES, SPARE PARTS &amp; COMPONENTS</b>				
Raw material and Components Stores, Spare Parts, etc	<u>2,578,722,342</u>	2,578,722,342	<u>1,886,696,800</u>	1,886,696,800
Add/(Deduct) : Decrease / (Increase) in Stocks				
Stock at Close				
Process Stock	502,121,944		243,969,271	
Finished Goods	<u>47,005,942</u>		<u>335,427</u>	
	549,127,886		244,304,698	
Less : Stock at commencement				
Process Stock	243,969,271		161,095,365	
Finished Goods	<u>335,427</u>		<u>9,390,416</u>	
	244,304,698		170,485,781	
Net Increase / (Decrease) in Stock		(304,823,188)		(73,818,917)
		<u>2,273,899,154</u>		<u>1,812,877,883</u>



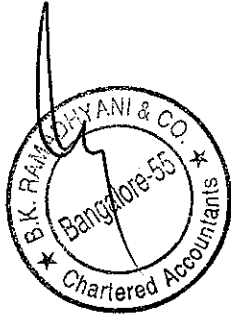
**CONSOLIDATED SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011**

	Current Year In Rs.	Previous Year In Rs.
<b>SCHEDULE "K"</b>		
<b>OPERATING &amp; OTHER EXPENSES</b>		
Power & Fuel	74,918,360	46,386,539
Expenses relating to Employees :		
Salaries, Wages & Bonuses	304,972,888	208,923,089
Contribution to Employees PF, FPF	13,442,202	7,861,943
Workmen and Staff Welfare Expenses	65,386,604	41,576,102
(includes contribution to employees' State Insurance & PF Admn Chrg Gratuity, Leave Encashment as per Actuarial Valuation	<u>26,444,070</u>	<u>5,647,697</u>
	410,245,764	264,008,831
Rent	23,860,918	16,013,037
Repairs		
Buildings	3,377,778	8,996,769
Machinery	42,022,458	40,895,241
Others	<u>10,614,156</u>	<u>5,087,448</u>
	56,014,392	54,979,458
Selling Expenses	23,865,016	23,815,220
Maintenance of Vehicles	5,049,614	2,841,240
Insurance	3,645,858	3,457,558
Rates and Taxes	7,070,793	9,639,772
Advertisement	1,522,281	54,910
Printing & Stationery	5,232,910	4,730,538
Travelling Expenses	97,453,907	73,946,267
Postage, Telegrams and Telephones	8,810,729	7,605,051
Auditors Remuneration	2,661,253	1,428,365
Donations	1,661,850	860,000
Tech. Consultancy & Professional Charges	69,600,734	49,801,142
Bank Charges	47,059,517	54,282,894
Subscription to Technical Associations, Journals and Magazines	3,605,287	2,795,665
Software Expenses on ERP	9,638,020	14,448,018
Manufacturing expenses and sundries	8,074,985	2,434,716
Royalty	25,203,897	5,983,975
Direction Charges including other expenses	115,864,724	90,600,276
Miscellaneous Expenses	-	14,850
Exchange Fluctuation	742,337	-
	<u><b>1,001,803,146</b></u>	<u><b>730,128,321</b></u>



**CONSOLIDATED SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011**

	Current Year In Rs.	Previous Year In Rs.
<b>SCHEDULE "L"</b>		
<b>DEPRECIATION</b>		
1. Depreciation	80,477,812	56,507,597
	<u><u>80,477,812</u></u>	<u><u>56,507,597</u></u>



**TD POWER SYSTEMS LIMITED**  
**BANGALORE – 562 111**

**CONSOLIDATED NOTES**

**SCHEDULE " M "**

Notes attached to and forming part of Balance Sheet and Profit and Loss Account for the period ending 31<sup>st</sup> March 2011.

1. Consequent to a Special Resolution of the Members, passed at the Company's Extra Ordinary General Meeting held on 17<sup>th</sup> 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 holds 99.99% (70.00%) of the equity share capital as on date.

2. **Significant Accounting Policies.**

2.1 **Accrual System of Accounting:**

The Group follows accrual system of accounting for all items of expenditure and income. Provision for warranties is made on an estimated basis.

2.2 **Basis of Preparation:**

The consolidated financial statements of TDPS, its subsidiary DFPS are prepared under the historical cost convention and in accordance with the requirements of the Companies Act, 1956 in terms of the Accounting Standard (AS) 21 issued by Institute of Chartered Accountants of India.

2.3 **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 is in excess of cost of investment of the Group, it is recognized as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.

2.4 **Fixed Assets:**

Fixed assets are stated at cost of acquisition excluding duties, inclusive of freight, taxes and incidental expenses relating to the acquisition and finance cost on specific borrowings utilized for acquisition of Fixed Assets less Depreciation.

2.5 **Inventories:**

Inventories are valued at cost or net realizable value for item specific, whichever is lower. Raw materials is valued under FIFO method as per Accounting Standard – 2 (Inventories) and raw material cost includes Material Cost, Carriage Inward, Insurance and Purchase related expenses.

2.6 **Depreciation:**

Depreciation is charged on Straight Line method as stipulated in Section 205 (2) (b) of the Companies Act, 1956, at the rates specified in Schedule XIV, prorata for the quarter of additions / deletions.

2.7 **Construction Contracts:**

Revenue in respect of indivisible contracts is on the basis of confirmation of delivery at site for full value of the equipment inclusive of corresponding erection and commissioning charges as indicated in the contract.

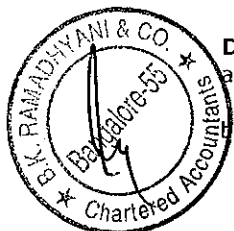
2.8 **Revenue Recognition:**

**TDPS:**

- a. Sale of goods is recognized on shipment to customers, and exclusive of Excise duty and Sales tax.

**DFPS:**

- 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  
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.

**2.9 Foreign currency translation on overseas branch:**

The financial statement of foreign branch etc is translated in accordance with Accounting Standard 11 prescribed by the Institute of Chartered Accountants of India.

**2.10 Amortisation of Technical Know-how Fees:**

Technical Know-how Fees has been amortised over a period of 60 months.

**2.11 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.

**2.12 Borrowing Cost:**

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

**2.13 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.

**2.14 Employee Benefits:**

**i. Short Term Employee Benefits:**

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

**ii. Long Term Employee Benefits:**

**a. Defined Contribution Plans:**

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

**b. Defined Benefit Plans:**

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

**2.15 Impairment of assets**

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

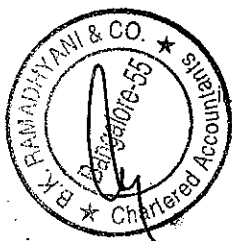
**2.16 Accounting for lease:**

**i. Operating Lease:**

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

**Finance Lease and Hire purchase transactions:**

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



### 3. Contingent Liabilities etc.:

Particulars	As at 31.03.11	As at 31.03.10
i. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)	78,916,794	
ii. Guarantees, Counter Guarantees given on Imports and Sale Contract etc. (net of margins held by bank)	3,059,399,841	1,788,028,929
iii. Corporate Guarantee issued to the bankers of the subsidiary company.	3,790,000,000	3,790,000,000
iv. Corporate Guarantee issued to customers on behalf of subsidiary company.	450,010,508	450,010,508
v. Bills discounted under Letter of Credit	81,577,318	

### 4. Operational Lease

The Company has various operating lease for transit houses and residential premises for employees that are renewable on a periodic basis, and cancelable at its option. Rental expenses for operating lease included in the Income Statement for the year is Rs. 23,860,918/- (Previous Year Rs. 16,013,037/-).

### 5. Segment Reporting

The Group's operation comprises of Manufacturing Business, Project Business, & EPC Business activities, EPC contracts relates to DFPS activity. Primary segmental reporting comprises of Manufacturing, 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.

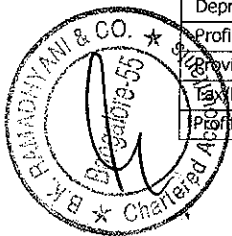
Certain expenses, which are not allocable to any specific segment, are separately disclosed at the enterprise level. Cash and bank balances in India are reported at the enterprise level as the group operates common bank accounts. Fixed assets, Liabilities, Current assets and Current liabilities relating 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 branch offices of the group, 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 Reporting – Profit & Loss Account

Particulars	CURRENT YEAR					
	Manufacturing	Project Business	Inter segment	EPC	Common	Total
Revenue	3,480,439,985	1,643,471,134	(245,109,430)	3,758,458,161	-	8,637,259,850
Segment Cost	2,806,715,145	1,555,587,341	(245,109,430)	3,567,531,035	58,491,604	7,743,215,695
Operating Profit	673,724,840	87,883,793	-	190,927,126	(58,491,604)	894,044,155
Other Income	6,123,749	7,719,898	-	-	95,323,034	109,166,681
Profit before Interest, Interest	679,848,589	95,603,691	-	190,927,126	36,831,430	1,003,210,836
Interest	66,601,142	181,146	-	-	84,178	66,866,466
Depreciation & Amortization	77,490,430	1,128,440	-	1,566,615	292,327	80,477,812
Profit before Tax	535,757,017	94,294,105	-	189,360,511	36,454,925	855,866,558
Provision no longer required	-	-	-	-	-	-
Tax/Deferred Tax	210,367,253	-	-	-	78,945,053	289,312,306
Profit after Tax	325,389,764	94,294,105	-	189,360,511	(42,490,128)	566,554,252

Particulars	PREVIOUS YEAR					
	Manufacturing	Project Business	Inter segment	EPC	Common	Total
Revenue	2,762,735,441	1,782,846,472	(209,694,065)	3,046,319,477	-	7,382,207,325
Inter - Segmental Sale	-	-	-	-	-	-
Segment Cost	2,197,303,140	1,726,904,484	(209,694,065)	2,896,134,437	53,598,553	6,664,246,549
Inter - Segmental Purchase	-	-	-	-	-	-
Operating Profit	565,432,301	55,941,988	-	150,185,040	(53,598,553)	717,960,776
Other Income	16,161,085	25,831,304	-	-	29,647,132	71,639,521
Profit before Interest, Interest	581,593,386	81,773,292	-	150,185,040	(23,951,421)	789,600,297
Interest	42,207,481	17,630	-	-	29,421	42,254,532
Depreciation & Amortization	55,160,614	538,899	-	693,484	114,600	56,507,597
Profit before Tax	484,225,291	81,216,763	-	149,491,556	(24,095,442)	690,838,168
Provision no longer required	-	-	-	-	-	-
Tax/Deferred Tax	191,588,330	-	-	-	64,143,721	255,732,051
Profit after Tax	292,636,961	81,216,763	-	149,491,556	(88,239,163)	435,106,117



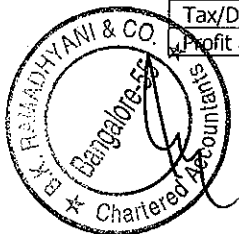
**Primary Segment Reporting – Assets & Liabilities**

Particulars	CURRENT YEAR				
	Manufacturing	Project Business	EPC	Common	Total
Fixed Assets					
Gross Block	1,322,438,341	28,199,547	14,722,648	2,618,355	1,367,978,891
Less : Depreciation	223,520,979	9,986,350	2,445,744	-	235,953,073
Net Block	1,098,917,362	18,213,197	12,276,904	2,618,355	1,132,025,818
Current Assets Loans & Advances					
Inventories	777,166,439			-	777,166,439
Sundry Debtors	832,026,068	362,698,570	845,034,523	-	2,039,759,161
Cash and Bank Balance		158,375,190	13,500,251	1,906,155,154	2,078,030,595
Loans and Advances	259,488,107	27,785,897	269,296,144	88,527,800	645,097,948
Less : Current Liabilities	1,119,602,729	719,333,284	1,978,053,508	75,174,610	3,892,164,131
Net Current Assets	749,077,885	(170,473,627)	(850,222,590)	1,919,508,344	1,647,890,011
Capital expenditure during the period	102,555,468	1,966,532	6,847,866	-	111,369,866
Depreciation and Non Cash Amortisations during the year	77,782,756	1,128,440	1,566,615	-	80,477,811

Particulars	PREVIOUS YEAR				
	Manufacturing	Project Business	EPC	Common	Total
Fixed Assets					
Gross Block	1,117,489,077	24,266,482	7,874,782	110,810,884	1,260,441,225
Less : Depreciation	146,125,864	9,396,809	879,129	-	156,401,802
Net Block	971,363,213	14,869,673	6,995,653	110,810,884	1,104,039,423
Current Assets Loans & Advances					
Inventories	373,292,208	19,440	-	-	373,311,648
Sundry Debtors	804,058,641	327,810,007	934,889,318	-	2,066,757,966
Cash and Bank Balance	-	47,110,254	-	1,389,127,379	1,436,237,633
Loans and Advances	200,950,512	115,647,379	587,013,104	36,914,052	940,525,047
Less : Current Liabilities	953,747,951	696,270,648	2,121,123,758	38,635,017	3,809,777,373
Net Current Assets	424,553,410	(205,683,568)	(599,221,336)	1,387,406,414	1,007,054,921
Capital expenditure during the period	630,124,113	5,118,966	5,866,668	-	641,109,748
Depreciation and Non Cash Amortisations during the year	55,275,214	538,899	693,484	-	56,507,597

**Secondary Segment Reporting – Profit & Loss Account**

Particulars	CURRENT YEAR			
	India	Japan	Inter Segment	Total
Revenue	7,680,517,710	1,201,851,570	(245,109,430)	8,637,259,850
Segment Cost	6,849,967,232	1,138,357,890	(245,109,430)	7,743,215,692
Operating Profit	830,550,478	63,493,680	-	894,044,158
Other Income	98,911,177	10,255,503	-	109,166,680
Profit before Interest, Depreciation & Tax	929,461,655	73,749,183	-	1,003,210,838
Interest	66,866,467	-	-	66,866,467
Depreciation & Amortization	80,236,829	240,983	-	80,477,812
Profit before tax	782,358,359	73,508,199	-	855,866,558
Provision no longer required	-	-	-	-
Tax/Deferred Tax/Fringe Benefit Tax	289,312,306	-	-	289,312,306
Profit after Tax	493,046,053	73,508,199	-	566,554,252



**PREVIOUS YEAR**

Particulars	India	Japan	Inter Segment	Total
Revenue	5,907,434,943	1,474,772,382	(209,694,065)	7,172,513,260
Inter-Segmental Sale			-	-
Segment Cost	5,422,672,150	1,241,574,399	(209,694,065)	6,454,552,484
Inter-Segmental Purchase				
Operating Profit	484,762,793	233,197,983	-	717,960,776
Other Income	62,319,042	9,320,480	-	71,639,522
Profit before Interest, Depreciation & Tax	547,081,835	242,518,463	-	789,600,298
Interest	42,254,532			42,254,532
Depreciation & Amortization	56,347,898	159,699		56,507,597
Profit before tax	448,479,405	242,358,764	-	690,838,169
Provision no longer required				-
Tax/Deferred Tax/Fringe Benefit Tax	255,732,051			255,732,051
Profit after Tax	192,747,354	242,358,764	-	435,106,118

**Secondary Segment Reporting – Assets & Liabilities**

**CURRENT YEAR**

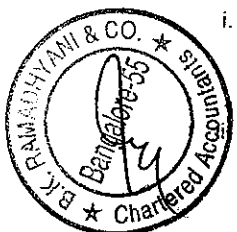
Particulars	India	Japan	Total
<i>Fixed Assets</i>			
Gross Block	1,364,773,198	3,205,693	1,367,978,891
Less: Depreciation	234,348,790	1,604,283	235,953,073
Net Block	1,130,424,408	1,601,410	1,132,025,818
<i>Current Assets Loans &amp; Advances</i>			
Inventories	777,166,439	--	777,166,439
Sundry Debtors	1,904,768,709	134,990,451	2,039,759,160
Cash and Bank Balance	1,919,655,405	158,375,190	2,078,030,595
Loans and Advances	625,953,253	19,144,695	645,097,948
Less: Current Liabilities	3,714,844,495	177,319,636	3,892,164,131
Net Current Assets	1,512,699,311	135,190,700	1,647,890,011
Capital expenditure during the period	110,486,190	883,676	110,727,173
Depreciation and Non Cash Amortizations during the year	80,236,828	240,983	80,477,811

**PREVIOUS YEAR**

Particulars	India	Japan	Total
<i>Fixed Assets</i>			
Gross Block	1,258,119,209	2,322,016	1,260,441,225
Less: Depreciation	155,048,996	1,352,805	156,401,801
Net Block	1,103,070,213	969,211	1,104,039,424
<i>Current Assets Loans &amp; Advances</i>			
Inventories	373,311,648		373,311,648
Sundry Debtors	1,825,136,032	241,621,934	2,066,757,966
Cash and Bank Balance	1,389,127,379	47,110,254	1,436,237,633
Loans and Advances	879,580,429	60,944,619	940,525,047
Less: Current Liabilities	3,559,728,611	250,048,763	3,809,777,374
Net Current Assets	907,426,877	99,628,044	1,007,054,920
Capital expenditure during the period	640,779,481	330,266	641,109,747
Depreciation and Non Cash Amortizations during the year	56,347,898	159,699	56,507,597

6. Deferred Tax Liability is calculated in accordance with AS 22, and the net tax liability for the year is debited to Profit & Loss Account.

	As at 31.03.11	As at 31.03.10
On account of timing difference		
i. Liability		
a. Depreciation on fixed Assets	91,569,112	77,636,279
b. Technical Know-how	(163,677)	(223,311)
<b>TOTAL</b>	<b>91,405,435</b>	<b>77,412,968</b>
Asset		
a. Disallowance under Section 43 B and other sections	19,729,793	7,392,135
<b>NET DIFFERENCE</b>	<b>71,675,642</b>	<b>70,020,833</b>





## 7. Related Party Disclosure

Transaction with key management personnel and their relatives:

Sl No	Name of the Key Personnel	Nature of Transaction	As at 31.03.11	As at 31.03.10
01	Nikhil Kumar	Directors Remuneration and Commission	62,256,078	48,215,556
02	Hitoshi Matsuo	Directors Remuneration and Commission	35,652,376	28,920,337
03	Tadao Kuwashima	Directors Remuneration	1,0032,265	7,473,633
04	Mohib Khericha	Sitting Fee	88,000	22,000
05	Mohib Khericha	Lease Rent	2,400,000	1,800,000
06	Mohib Khericha	Consultation Charges	-	330,900

8. Pursuant to a Special Resolution passed at the Extra ordinary General Meeting held on 17<sup>th</sup> January 2011, the Company converted to a Public Limited Company, and consequently its wholly owned subsidiary DF Power Systems Private Limited becomes a subsidiary of a public company. In terms of the opinion obtained by the Company, the existing appointments of Managing Director, Joint Managing Director and Director Technical in the Company and that of the Managing Director in the Subsidiary Company are deemed to be appointments u/s Section 269 of the Companies Act 1956 and the remuneration payable to them for the period 17-Jan-2011 to 31-Mar-2011 is governed by Clause (C) of Section II of Part II of Schedule XIII of the Companies Act 1956 and as specified the remuneration paid were approved by the Remuneration Committee of the Board of respective Companies at the meetings held on 15<sup>th</sup> March 2011 and is subject to approval of the Shareholders.

## 9. The Details of Earning Per Share (EPS) are as under

i. BASIC AND DILUTED EPS	As at 31.03.11	As at 31.03.10
a. Profit After Tax	566,554,250	435,106,117
b. No of shares of Rs. 10/- each at the end of the year	24,370,401	6,343,567
c. No of Shares of Rs. 10/- each – Equivalent	11,088,897	6,343,567
d. Basic & Diluted EPS	51.09	68.59

## 10. Disclosure under Accounting Standard - 7 on Construction Contract

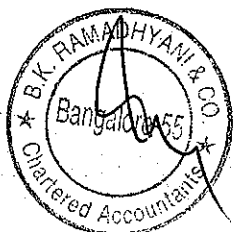
The disclosure related to construction contract, contract revenue recognized as per revised AS – 7 in respect of Contracts in progress at the end of the period:

Particulars	Amount in Rs.	
	Current Year	Previous Year
i. Contract Revenue Recognized (net)	7,070,714,037	3,038,926,173
ii. Cost Incurred	6,760,589,026	2,859,608,206
iii. Recognised Profit ( Less recognized losses )	310,125,011	179,317,967
iv. Amount of Advance Received	646,394,389	1,231,376,529
v. Amount of Retentions (Deferred Debts)	612,127,391	2,728,800,456
vi. In respect of dues from customer after appropriate netting off		
a. Gross amount due from customer for contract work as an asset	232,907,132	656,088,862
b. Gross amount due to customer for contract work as liability	Nil	Nil
vii. Contingencies	Nil	Nil

11. Disclosure in terms of Accounting Standard on Provisions, Contingent Liabilities and Contingent Assets. Movement of provisions for liabilities

Particulars	Taxation	Warranty Claims	Gratuity	Leave Encashment
Balance as on 01 <sup>st</sup> April 2010	577,601,322	22,053,039	634,613	14,580,190
Provided during the year	287,657,498	2,455,628	9,630,601	15,700,867
Amounts used during the year	93,969	-	9,630,601	-
Transfer during the year	-	-	634,613	-
Balance as at 31 <sup>st</sup> March 2011	865,164,851	24,508,667	-	30,281,057
Timing of outflow/uncertainties – On	Crystallization	Crystallization	Crystallization	Crystallization

Contingent Liabilities in respect of Guarantee is on devolvement and in respect of Bills Discounted and statutory levies is on demand by the concerned parties and settlement of disputes.

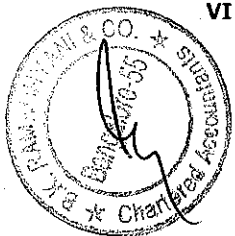


12. Interest and borrowing cost on specific borrowings relating to acquisition of capital assets has been capitalized as under up-to the date such assets brought to use.	-	2,473,152
Land	-	699,731
Buildings	-	207,555
Plant & Machinery	-	1,565,866
13. Consequent to the announcement by the ICAI in 2005, following are the disclosures as required for the derivative instruments on hedging foreign currency exposures.	As at 31.03.11	As at 31.03.10
Foreign currency exposures hedged:		
i. Assets (Receivables)	-	-
ii. Liabilities (Payables)	-	-
iii. Others	-	-
Foreign currency exposures not hedged:		
i. Assets (Receivables)	208,712,031	315,924,543
ii. Liabilities (Payables)	325,225,650	22,413,028
iii. Others	-	-

**14 Disclosures as per Accounting Standard 15 "Employee Benefits". – Defined Contribution Plan**

Contribution to Defined Contribution, recognized as expenses for the year are as under:

Employer's Contribution to Provident Fund	17,530,841	11,151,144
Defined Benefit Plans: The Present value of obligation is determined based on actuarial valuation		
<b>I Component of employer expenses</b>	Gratuity	Leave Encashment
i. Current Cost Service	2,323,037	16,365,362
ii. Interest cost	744,119	1,119,114
iii. Expected Return on plan assets	1,153,180	-
iv. Past Service Cost	-	-
v. Actuarial Losses/(Gains)	(5,173,90)	(572,839)
vi. Total expenses recognized in the Statement of Profit and Loss	8,104,992	16,911,637
<b>II Actual Contribution and Benefits Payments for the period ended</b>		
i. Actual benefit payments	(376,616)	-
ii. Actual Contributions	9,560,354	-
<b>III Net asset/(liability) recognized in balance sheet as at</b>		
i. Present value of Defined Benefit Obligation	18,417,990	30,281,057
ii. Fair Value of plan assets	25,344,374	-
iii. Funded status [Surplus/(Deficit)]	(6,927,045)	(30,281,057)
iv. Unrecognized Past Service Costs	-	-
v. Net asset/(liability) recognized in balance sheet	(6,927,045)	(30,281,057)
<b>IV Change in Defined Benefit Obligations during the year ended</b>		
i. Present value of DBO at beginning of period	9,301,491	14,580,190
ii. Current Service Cost	2,323,037	16,365,362
iii. Interest Cost	744,119	1,119,114
iv. Actuarial (gains)/losses	(5173,909)	(572,839)
v. Benefits Paid/ Service Charge	376,616	(1,210,770)
vi. Present value of DBO at the end of period	18,417,990	30,281,057
<b>V Change in Fair Value of Assets during the year ended</b>		
i. Plan assets at beginning of period	14,773,174	-
ii. Expected return on plan assets	1,388,123	-
iii. Actuarial gain/(loss)	-	-
iv. Actual Company contributions	9,560,354	-
v. Benefits paid/Service Cost	376,616	-
vi. Plan assets at the end of period	25,344,374	-
<b>VI Actuarial Assumptions</b>		
i. Discount Rate	8.00%	8.00%
ii. Expected Return on plan assets	8.00%	8.00%
iii. Salary escalation	7.00%	8.00%
iv. Attrition Rate	5.00%	5.00%



15. Figures in brackets refer to previous period ended 31<sup>st</sup> March 2010 and are re-grouped wherever necessary to conform to the presentation of the current year accounts and have been rounded off to the nearest Rupee.

As per our report of even date.

For and behalf of the Board of Directors

For B.K. Ramadhyan & Co.  
Chartered Accountants

R Satyanarayana Murthi  
Partner- M.No. 024248

Place: Bangalore  
Date: 30<sup>th</sup> May 2011

Mohib N Khericha  
Chairman

Nikhil Kumar  
Joint Managing Director

K G Prabhakar  
Chief Financial Officer

N Srivatsa  
Company Secretary

*(Mohib N. Khericha)*

*Nikhil Kumar*

*K G Prabhakar*

*N Srivatsa*

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

**TD POWER SYSTEMS LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011**

Amount in Rs.  
Previous Year

	Current Year		Previous Year
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Net Profit before tax and extraordinary items</b>		855,866,559	690,838,168
Adjustments for			
Depreciation	80,477,812		56,507,597
(Profit) / Loss on sale of Fixed Asset	364,070		103,643
Dividend Income	(6,000)		(7,500)
Interest Income	(103,447,256)		(50,089,713)
Interest Payments	66,866,467		42,254,531
Provision for Warranty Claims	2,455,608		(1,362,742)
Provision for Gratuity & Leave Encashment	25,261,221		4,987,856
		<u>72,714,257</u>	<u>52,393,672</u>
<b>Operating profit before Working Capital Changes</b>		<b>928,580,816</b>	<b>743,231,840</b>
<b>Adjustments for</b>			
Trade Receivables	26,998,806	#####	
Other Receivables	326,429,714	(171,284,989)	
Inventories	(403,854,791)	(47,936,542)	
Future Contracts	524,516,502	305,266,491	
Trade Payables	(492,553,470)	(18,463,238)	69,625,869
<b>Cash generated from Operations</b>		<b>910,117,578</b>	<b>812,857,709</b>
Payment of Fringe Benefit Tax	-		509,850
Payment of Gratuity	9,560,354		3,507,812
Direct Taxes Paid	303,728,643	<u>313,288,997</u>	<u>215,993,657</u>
<b>Net Cash Flow from Operating Activities</b>		<b>596,828,581</b>	<b>592,846,390</b>
<b>B Cash flow from Investing Activities</b>			
Purchase of Fixed Assets	(131,806,486)		(632,533,842)
Sale of Fixed Asset / Purchase of Investments	3,832,202		2,780,879
Dividend Received	6,000		7,500
Interest Received	103,447,256		71,931,688
<b>Net Cash used in investing activities</b>		<b>(24,521,028)</b>	<b>(557,813,775)</b>
<b>C Cash flow from financing activities</b>			
Proceeds from issuance of Share Capital	13,549,000		-
Share Application Money	-		11,000,000
Share Premium	(12,750,000)		-
Refund on Income Tax	-		3,886,039
Long term borrowings	(75,854,000)		241,575,707
Temporary Borrowing	-		(18,644,950)
Unsecured Loans & Deposits	249,595,243		7,236,475
Working Capital borrowings	(261,122)		164,863,241
Interest Paid	(66,866,467)		(43,083,281)
Dividend and Tax on Dividend paid	(37,927,246)		(37,108,281)
<b>Net Cash flow from financing activities</b>		<b>69,485,408</b>	<b>329,724,951</b>
<b>Net increase/decrease in cash and cash equivalents</b>		<b>641,792,961</b>	<b>364,757,566</b>
<b>Cash and cash equivalents at the beginning</b>		<b>1,436,237,634</b>	<b>1,053,721,100</b>
<b>Cash and cash equivalents at close</b>		<b>2,078,030,595</b>	<b>1,418,478,666</b>
Actual Closing Cash Balance		2,078,030,595	1,436,237,634
Add : Non-Cash Equivalents			(17,758,968)
<b>Cash and cash equivalents at Close</b>		<b>2,078,030,595</b>	<b>1,418,478,666</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.  
Chartered Accountants

For and on behalf of Board of Directors

Mohib N Khericha  
Chairman

*Mohib N. Khericha*

*R Satyanarayana Murthi*

R SATYANARAYANA MURTHI  
Partner - M.No.200/24248

Nikhil Kumar  
Joint Managing Director

*Nikhil Kumar*

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

K G Prabhakar  
Chief Financial Officer

*K G Prabhakar*

Bangalore  
Date : 30th May 2011

N Srivatsa  
Secretary

*N Srivatsa*