

**TD Power Systems Limited**  
(CIN -L31103KA1999PLC025071)

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

Tel +91 80 229 95700 / 6633 7700

Fax +91 80 7734439 / 2299 5718

Mail [tdps@tdps.co.in](mailto:tdps@tdps.co.in)

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

**TO THE STOCK EXCHANGES**

**FORM A**

**(Pursuant to Clause 31(a) of the Listing Agreement)**

Format of covering letter of the annual audit report to be filed with the Stock Exchange

|            |   |   |
|------------|---|---|
| 1          | Name of the company   | TD POWER SYSTEMS LIMITED  |
| 2          | Annual financial statements for the year ended  | March 31, 2015  |
| 3          | Type of Audit observation   | Un-qualified  |
| 4          | Frequency of Audit observation  | Not Applicable  |
| Signed by: |   |   |
| 5          | Nikhil Kumar<br><b>Managing Director</b>  |   |
|            | K. G. Prabhakar<br><b>Director &amp; CFO</b>  |   |
|            | B.K. RAMADHYANI & CO LLP.<br>(formerly B.K. Ramadhyani & Co.)<br><br><b>Auditors of the Company</b> | For B.K. RAMADHYANI & CO LLP.<br>Chartered Accountants<br>Firm Registration No. 002878S/S200021<br><br><br>R SATYANARAYANA MURTHI<br>Partner - M.No. 024248 |
|            | Nitin Bagamane<br><b>Audit Committee Chairman</b>   |   |



## NOTICE

Notice is hereby given that the **Sixteenth Annual General Meeting** of the Members of the Company will be held at **10.30 AM on Wednesday, September 23, 2015 at Hotel Le Meridien, No. 28, Sankey Road (Opp Bangalore Golf Course), Bangalore 560 052** to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt
  - a. The audited financial statement of the Company for the financial year ended March 31, 2015, and the Reports of the Board of Directors and Auditors thereon; and
  - b. The audited consolidated financial statement of the Company for the financial year ended March 31, 2015.
2. To declare Dividend on Equity Shares.
3. To appoint Director in place of Mr. Mohib N. Khericha (DIN: 00010365) who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors and fix their remuneration and in this regard, to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

**"RESOLVED THAT,** the retiring auditors, M/s. B. K. Ramadhyani & Co. LLP., Chartered Accountants, Bangalore (Firm Registration No. 002878S/S200021) be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on such remuneration as shall be fixed by the Board of Directors of the Company."

5. To appoint Branch Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

**"RESOLVED THAT,** Mr. Mitsuo Sekino, Certified Public Accountant, Tokyo, Japan the retiring auditor, be and is hereby appointed as Auditor of the Company's branch office at Tokyo Japan, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on such remuneration as shall be fixed by the Board of Directors of the Company."

### SPECIAL BUSINESS

6. To approve remuneration of the Cost Auditors for the financial year ending March 31, 2016 and in this regard, to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

**"RESOLVED THAT,** pursuant to Section 148 of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit & Auditors) Rules, 2014 (including any statutory modification or re-enactment(s) thereof, for the time being in force) the Cost Auditors appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year ending March 31, 2016, be paid the remuneration as set out in the Statement annexed to the Notice convening this Meeting.

**RESOLVED FURTHER THAT,** the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary or expedient to give effect to this resolution."

7. To appoint Mr. K. G. Prabhakar (DIN: 07187463) as a Whole-time Director (designated as Director and Chief Financial Officer) and in this regard to consider and if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution:**

**"RESOLVED THAT,** subject to the provisions of Sections 2(94), 196, 197 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act"), read with Schedule V to the Act and the rules made thereunder (including any statutory modification or re-enactment thereof, for the time being in force), consent of the Company be and is hereby accorded for appointment of Mr. K. G. Prabhakar (DIN: 07187463) as Whole-time Director of the Company (consequent to his appointment as Director liable to retire by rotation) designated as Director and Chief Financial Officer commencing from May 20, 2015 to June 27, 2018 on the terms and conditions including remuneration set out in the Statement annexed to the Notice convening this Meeting with authority to the Board of Directors (hereinafter referred to as "the Board" which term shall include the Nomination & Remuneration Committee of the Board) to vary the terms and conditions of appointment including remuneration payable to Mr. K. G. Prabhakar as it may deem fit provided that such remuneration shall not exceed the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment(s) thereof.

**RESOLVED FURTHER THAT,** in the event of Mr. K. G. Prabhakar ceasing to be Whole-time Director at any time, during the aforesaid period of service, he shall continue as Chief Financial Officer of the Company.

**RESOLVED FURTHER THAT,** the Board of Directors and the Company Secretary be and are hereby authorized to do all acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

8. To revise the Remuneration payable to Mr. Nikhil Kumar (DIN: 00062243), Managing Director for the financial year ended March 31, 2015 and the unexpired period of his term up to January 16, 2016 and in this regard to consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution:**

**“RESOLVED THAT,** pursuant to provisions of Sections 197 & 198 read with Section I of Part-II of Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), consent of the members of the Company be and is hereby accorded for revision in remuneration payable to Mr. Nikhil Kumar, Managing Director of the Company up to a sum not exceeding 10% of the profits of the Company as computed in terms of Section 198 of the Companies Act, 2013, with effect from April 1, 2014 to March 31, 2015 and for the residual duration of appointment upto January 16, 2016, which remuneration shall comprise of fixed and variable components, including contribution to Provident Fund and reimbursement of Medical expenses & Leave Travel Assistance, with authority to the Board of Directors (hereinafter referred to as “the Board” which term shall include the Nomination & Remuneration Committee of the Board) to (1) decide and vary fixed and variable remuneration from time to time and (2) vary the terms and conditions of appointment including remuneration payable to Mr. Nikhil Kumar as it may deem fit, 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 its subsidiary.

**RESOLVED FURTHER THAT,** save as aforesaid, all other terms and conditions of appointment of Mr. Nikhil Kumar as approved by the shareholders at the Annual General Meeting held on June 25, 2011, shall remain unchanged.

**RESOLVED FURTHER THAT,** the Board of Directors and the Company Secretary, be and are hereby authorized to do all acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

9. To re-appoint Managing Director and approve remuneration payable and in this regard to consider and if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution:**

**“RESOLVED THAT,** in accordance with the provisions of Sections 196 & 197 read with Section I of Part-II of Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Nikhil Kumar (DIN: 00062243) be and is hereby re-appointed as Managing Director of the Company for a period of 5 years with effect from January 17, 2016 on the terms & conditions including remuneration as set out in the statement annexed to the Notice convening this Meeting with authority to the Board of Directors (hereinafter referred to as “the Board” which term shall include the Nomination & Remuneration Committee of the Board) to (1) decide and vary fixed and variable remuneration from time to time and (2) vary the terms and conditions of appointment including remuneration payable to Mr. Nikhil Kumar as it may deem fit, provided that such remuneration shall not exceed the 11% of net profits as computed under Section 198 of the Companies Act, 2013 or any statutory modification(s) or re-enactment(s) thereof.

**RESOLVED FURTHER THAT,** the Board of Directors and Company Secretary, be and are hereby authorized to do all acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

Bangalore  
August 6, 2015

By Order of the Board  
for TD Power Systems Limited

**Regd. Off:** No. 27, 28 & 29, KIADB Industrial Area, Dabaspet  
Nelamangala Taluk, Bengaluru Rural District, Bengaluru - 562 111

**N. Srivatsa**  
Company Secretary

**CIN:** L31103KA1999PLC025071

**E-mail Id:** tdps@tdps.co.in, **Website:** www.tdps.co.in,  
**Tel. No.:** + 91 80 22995700, **Fax:** + 91 80 7734439

## NOTES

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (Act) in respect of the special business set out in this Notice and the relevant details pursuant to Clause 49 of the Listing Agreements executed with the Stock Exchanges are annexed hereto.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/ herself and the proxy need not be a member of the Company.

Proxies submitted on behalf of companies, institutional investors, societies, etc., must be supported by appropriate resolution/ authority, as applicable. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

*Proxies in order to be effective must be deposited at the registered office of the Company, duly completed and signed not less than 48 (forty eight) hours before the Annual General Meeting. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate Resolution/authority as applicable.*

3. All documents as mentioned in the Resolutions and/or Explanatory Statement are available for inspection by the Members at the Registered Office of the Company from 10.00 AM to 12.00 Noon on any working day and will also be made available at the venue of the Sixteenth Annual General Meeting.

4. Pursuant to Section 91 of the Companies Act, 2013, the Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, September 17, 2015 to Wednesday, September 23, 2015 (both days inclusive).

5. **Electronic Voting**

| I                                   | <p>In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).</p> |  |  |                                     |         |              |         |         |         |
|-------------------------------------|--|--|--|-------------------------------------|---------|--------------|---------|---------|---------|
| II                                  | <p>The remote e-voting period commences on September 20, 2015 (9:00 AM IST) and ends on September 22, 2015 (5:00 PM IST). During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of September 16, 2015, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.</p>  |  |  |                                     |         |              |         |         |         |
| III                                 | <p>The process and manner for remote e-voting are as under:</p>  |  |  |                                     |         |              |         |         |         |
|                                     | A.   | <p>In case a Member receives an e-mail from NSDL [for members whose e-mail Id's are registered with the Company/Depository Participants(s)]</p>  |  |                                     |         |              |         |         |         |
|                                     | i.   | <p>Open e-mail and open PDF file viz. "TDPS e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your User ID and Password for e-voting. Please note that the password is an initial password.</p>   |  |                                     |         |              |         |         |         |
|                                     | ii.  | <p>Launch internet browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a></p>  |  |                                     |         |              |         |         |         |
|                                     | iii.   | <p>Click on Shareholder-Login.</p>   |  |                                     |         |              |         |         |         |
|                                     | iv.  | <p>Put User ID and Password as initial password noted in step (i) above. Click Login.</p>  |  |                                     |         |              |         |         |         |
|                                     | v.   | <p>Password change menu appears, Change the password with new password of your choice with minimum 8 digits / characters or combination thereof. Note your new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.</p>  |  |                                     |         |              |         |         |         |
|                                     | vi.  | <p>Home page of e-voting opens. Click on e-voting Active Voting Cycles.</p>  |  |                                     |         |              |         |         |         |
|                                     | vii.   | <p>Select Electronic Voting Event Number (EVEN) of TD Power Systems Limited.</p>   |  |                                     |         |              |         |         |         |
|                                     | viii.  | <p>Now you are ready for "e-voting" as "Cast Vote" page opens.</p>   |  |                                     |         |              |         |         |         |
|                                     | ix.  | <p>Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.</p>  |  |                                     |         |              |         |         |         |
|                                     | x.   | <p>Upon confirmation, the message "Vote cast successfully" will be displayed.</p>  |  |                                     |         |              |         |         |         |
|                                     | xi.  | <p>Once you have voted on the Resolution(s), you will not be allowed to modify your vote.</p>  |  |                                     |         |              |         |         |         |
|                                     | xii.   | <p>Institutional Shareholders (i.e., other than individuals, HUF, NRI etc.) are required to send scanned (PDF/JPG Format) of the relevant Board Resolution/Authority Letter etc., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail: <a href="mailto:sudhir.compsec@gmail.com">sudhir.compsec@gmail.com</a> with a copy marked to <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a></p> |  |                                     |         |              |         |         |         |
|                                     | B.   | <p>In case a Member receives physical copy of the Notice of AGM [for members whose e-mail Id's are not registered with the Company/Depository Participants(s) or requested physical copy]</p>  |  |                                     |         |              |         |         |         |
|                                     | i.   | <p>Initial password is provided at the bottom of the Attendance Slip for the AGM</p> <table border="1" data-bbox="375 1579 1279 1683"> <thead> <tr> <th>EVEN (Remote e-voting Event Number)</th> <th>USER ID</th> <th>PASSWORD/PIN</th> </tr> </thead> <tbody> <tr> <td>xxxxxxx</td> <td>xxxxxxx</td> <td>xxxxxxx</td> </tr> </tbody> </table>   |  | EVEN (Remote e-voting Event Number) | USER ID | PASSWORD/PIN | xxxxxxx | xxxxxxx | xxxxxxx |
| EVEN (Remote e-voting Event Number) | USER ID  | PASSWORD/PIN   |  |                                     |         |              |         |         |         |
| xxxxxxx                             | xxxxxxx  | xxxxxxx  |  |                                     |         |              |         |         |         |
|                                     | ii.  | <p>Please follow all steps from Sl. No. (ii) to Sl. No.(xii) above, to cast vote.</p>  |  |                                     |         |              |         |         |         |
| IV                                  | <p>In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the download section of <a href="http://www.evoting.nsdl.com">www.evoting.nsdl.com</a> or call on toll free no.: 1800-222-990.</p>   |  |  |                                     |         |              |         |         |         |
| V                                   | <p>If you are already registered with NSDL for e-voting then you can use your existing User ID and Password/PIN for casting your vote.</p>   |  |  |                                     |         |              |         |         |         |
| VI                                  | <p>You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).</p>  |  |  |                                     |         |              |         |         |         |
| VII                                 | <p>The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on September 16, 2015 ("Cut-off date") and a person who is not a member as on cut-off date and receives this notice shall treat the same for information purposes only.</p>   |  |  |                                     |         |              |         |         |         |



|      |   |
|------|---|
| VIII | <p><i>Any person, who acquires shares of the Company and became member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. September 16, 2015, may obtain the Login ID and Password by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or Issuer/Registrar and Share Transfer (RTA).</i></p> <p><i>However, if you are already registered with NSDL for remote e-voting then you can use your existing User ID and Password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/Password” option available on <a href="http://www.evoting.nsdl.com">www.evoting.nsdl.com</a> or contact NSDL at the following toll free no.: 1800-222-990.</i></p> |
| IX   | <p><i>A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.</i></p>  |
| X    | <p><i>A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting or voting at the AGM through ballot paper.</i></p>  |

6. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
7. Mr. Sudhir V. Hulyalkar, Company Secretary in Practice, Bangalore has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
8. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of “Ballot Paper” or “Polling Paper” for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
9. After the conclusion of voting at the AGM, the Scrutinizers will submit a report after taking into account votes cast at the AGM and through remote e-voting in accordance with provisions of Rule 20 of Companies (Management and Administration) Rules, 2014, as amended.
10. The consolidated results in respect of voting along with the Scrutinizer’s Report will be sent to the Stock Exchanges and will also be hosted on website of the Company and NSDL.
11. 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 name appear on the Register of Members of the Company as at the close of business on September 16, 2015 and in respect of shares held in dematerialized form, as per the list of beneficiary owners provided by the National Securities Depository Limited and Central Depository Services (India) Limited as at the close of business on September 16, 2015.
12. The Reserve Bank of India (RBI) has instructed banks to move to the National Electronic Clearing Service (NECS)/NEFT/RTGS platform. In this regard, please note that if the Members have not provided to the Company or their Depository Participants (DP), the new bank account number, if any, allotted to them, after implementation of Core Banking System (CBS), credit of dividend through NECS/NEFT/RTGS to their old bank account number, may be rejected or returned by the banking system. In the above circumstances, the Members are requested to furnish the new bank account number, if any, allotted to them by their bank after it has implemented the CBS together with name of the Bank, Branch, 9 digit MICR Bank/Branch code, account type by quoting their Folio Number, DP ID and Client ID and a photocopy of the cheque pertaining to their new bank account, so that the dividend can be credited to the said bank account. Members who have not opted or updated their accounts are now requested to opt for this to avoid losses and delays. Members holding shares in physical form for availing the NECS/NEFT/RTGS facility should furnish a request in this regard to the Company/Company’s RTA, Link Intime India Private Limited (RTA) in the NECS/NEFT/RTGS form available with the Company/Company’s RTA.
13. The Company is obliged to print such bank details on the dividend payment Instruments as furnished by the DP and the Company cannot entertain any request for deletion/change of bank details already printed on the dividend payment Instruments based on the information received from the concerned DPs, without confirmation from them. In this regard, Members are advised to contact their DPs and furnish them the particulars of any change desired, if not already provided.
14. In terms of the said IEPF Rules, the Company has uploaded the information in respect of the Unclaimed Dividends in respect of the Financial Year 2012, 2013 and 2014 as on the date of the last AGM held on August 12, 2014 on the website of the IEPF viz. [www.iepf.gov.in](http://www.iepf.gov.in) and under Investors’ section on the website of the Company [www.tdps.co.in](http://www.tdps.co.in) under Unclaimed/Unpaid Dividend - for Financial Year. Members who have not encashed their dividend are advised to write to the Company immediately claiming dividends declared by the Company.
15. Members must quote their Folio Number/DP ID & Client ID and contact details such as e-mail address, contact no. etc., in all correspondences with the Company/RTA.
16. Securities and Exchange Board of India (“SEBI”) has made it mandatory to quote Permanent Account Number (PAN) for transfer/transmission of shares in physical form and hence, the transferee(s)/legal heir(s) is required to furnish a copy of his/her PAN to the Company/RTA.
17. Pursuant to Section 72 of the Companies Act, 2013, shareholders holding shares in physical form may file nomination in the prescribed Form SH-13 with the Company’s Registrar and Transfer Agent. In respect of shares held in electronic/demat form, the nomination form may be filed with the respective Depository Participant.

18. Members holding shares in physical form are requested to notify immediately any change of their respective addresses and bank account details. Please note that request for change of address, if found incomplete in any respect shall be rejected. In case of shares held in electronic mode, the request for change of address should be made to the respective DPs with whom the Members are holding the demat account.
19. Pursuant to Section 101 of Companies Act, 2013 read with the relevant Rules, the Company is allowed to serve documents like notices, annual reports, etc., in electronic form to its Members. Accordingly, the said documents of the Company for the financial year ended March 31, 2015 are sent in electronic form to those Members who have registered their e-mail addresses with their DPs and made available to the Company by the Depositories. However, in case a Member wishes to receive a physical copy of the said documents, such Member is requested to send an e-mail duly quoting his DP ID and Client ID or the Folio Number as the case may be to [investor.relations@tdps.co.in](mailto:investor.relations@tdps.co.in) / [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in). Accordingly the Company shall update its database by incorporating/updating the designated e-mail addresses in its records. Please note that the said documents will also be uploaded on the website of the Company at [www.tdps.co.in](http://www.tdps.co.in) and made available for inspection at the Registered Office of the Company during business hours of the Company.
20. Members holding shares in demat form are requested to notify any change in their addresses, e-mail ids and/or bank account mandates to their respective DPs only and not to the Company/RTA for effecting such changes. The Company uses addresses, e-mail id's and bank account mandates furnished by the Depositories for updating its records of the Shareholders holding shares in electronic/demat form.
21. Guidelines for attending the Sixteenth AGM of the Company:
  - a. Members/proxies are requested to affix their signature at the space provided for in the attendance slip and handover the same at the entrance of the venue of the Sixteenth AGM.
  - b. Corporate Members intending to send their authorized representatives to attend are requested to send a certified copy of Board Resolution authorizing such representative to attend and vote on its behalf at the Sixteenth AGM.
  - c. Members are requested to bring the copy / notes of the Annual Report to the Sixteenth AGM.
  - d. The identity/signature of the Members holding shares in demat form are liable for verification with the specimen signatures furnished by NSDL/CDSL. Such Members are advised to bring the Depository Participant (DP) ID, account number (Client ID) and the relevant identity card for easier identification and recording of attendance at the Sixteenth AGM.
22. Members desirous of obtaining any information concerning accounts and operations of the Company are requested to address their questions in writing to the Company Secretary at [investor.relations@tdps.co.in](mailto:investor.relations@tdps.co.in), at least seven days before the date of the Sixteenth AGM.
23. Members/Proxies are welcome at the AGM of the Company. However the Members/Proxies may please note that no gifts/ gift coupons will be distributed at the AGM.
24. Details of Director seeking appointment/re-appointment at the AGM Scheduled to be held on September 23, 2015 pursuant to Clause 49 of Listing Agreement is stated under Corporate Governance Report (Page 46) of the Annual Report 2015.

## ANNEXURE TO THE NOTICE

### EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 ('ACT')

#### Item No. 6

The Board of Directors of the Company, on the recommendation of the Audit Committee, approved the appointment of M/s. Rao, Murthy & Associates, Cost Auditors, Bangalore to conduct the audit of the cost records of the Company for the financial year ending March 31, 2016 at a remuneration of Rs. 150,000 subject to taxes as applicable and reimbursement of out of pocket expenses.

In terms of the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor as recommended by the Audit Committee and approved by the Board of Directors is to be ratified by the members of the Company. Accordingly, consent of the members is sought for passing an Ordinary Resolution at Item No. 6 of the Notice for ratification of the remuneration payable to the Cost Auditor for the financial year ending March 31, 2016.

None of the Directors or Key Managerial Personnel of the Company or their relatives are in any way concerned or interested (financially or otherwise) in the Resolution as set out at Item No. 6 of the Notice.

The Board commends the Ordinary Resolution as set out at Item No. 6 of the Notice for approval by the members.

#### Item No. 7

The Board of Directors of the Company, on recommendation of the Nomination and Remuneration Committee, at their meeting held on May 20, 2015 appointed Mr. K. G. Prabhakar, Chief Financial Officer (CFO) as Director (in the casual vacancy caused by the resignation of Mr. Hitoshi Matsuo) with effect from May 20, 2015. Consequent to his appointment as a Director, Mr. K. G. Prabhakar has been placed

in the position of a Whole-time Director as per the provisions of Companies Act, 2013. The Board of Directors, therefore, at the meeting held on August 6, 2015 approved the appointment of Mr. K. G. Prabhakar as Whole-time Director, subject to the approval of shareholders on terms and conditions as under:

1. Tenure - Effective May 20, 2015 to June 27, 2018 subject to being liable for retirement by rotation in terms of the Companies Act, 2013.
2. He shall continue to hold office as CFO in the event he ceases to be a Director of the Company during the tenure.
3. Remuneration of Rs. 4,800,000 per annum on CTC basis which includes basic salary, allowances and Company's contribution to Provident fund (PF). In addition, he will be paid such bonus/ex-gratia as may be approved for top/senior management of the Company and approved by the Nomination and Remuneration Committee and is eligible for encashment of leave and Gratuity as per Company's policy. The above remuneration is subject to revisions and increments (as applicable to top/senior management of the Company) at the discretion of the Board. However, remuneration at any time during the tenure shall not exceed the limits specified under Schedule V of the Companies Act, 2013 or any statutory modification(s) or re-enactment(s) thereof.
4. During the term of office, the Whole-time Director shall perform duties as such with regard to all work of the Company and will manage and attend to such business and carry out the orders and directions of the Board from time to time in all respects and conform and comply with all such directions and regulations as may from time to time be given and made by the Board and the functions of the Whole-time Director will be under the overall authority of the Managing Director.

Profile of Mr. K. G. Prabhakar pursuant to Clause 49 of the Listing Agreement:

Mr. K. G. Prabhakar, aged 59 years, is a Chartered Accountant by qualification with over 35 years' experience. He is employed with the Company since 2001 with responsibilities of finance, accounts, taxation, HR and administration functions over the years and is the Chief Financial Officer of the Company. The services of Mr. K. G. Prabhakar, was extended up to June 27, 2018 consequent to his superannuation as of June 28, 2014, on terms of appointment (Letter dated October 19, 2001) and other terms including remuneration as per the current structure subject to such revisions approved by the management from time to time in terms of the Company's Policy. His current remuneration on cost to Company (CTC) basis is Rs. 4,800,000 per annum which includes basic salary, allowances and contribution to PF. In addition, he is also eligible for Gratuity and encashment of unutilized leave as per Company's policy.

As on July 31, 2015 Mr. K. G. Prabhakar holds 4,500 equity shares of the Company being 0.01% of paid up capital. Post appointment in May 2015, he has attended one board meeting of the Company held in August 2015.

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

Except Mr. K. G. Prabhakar, none of the Directors or Key Managerial Personnel or their relatives are in any way concerned or interested (financially or otherwise) in the resolution set out at Item No. 7 of the Notice.

The Board of Directors commends the Ordinary Resolution set out at Item No. 7 of the Notice for approval of Members.

### Item No. 8

In terms of the existing contract dated May 30, 2011 with Mr. Nikhil Kumar, Managing Director, the remuneration payable to him is restricted to 5% of profits (as computed under the Companies Act, 1956/2013).

However, over the last 3 financial years, due to tough economic and business conditions, the profits of the Company have been affected and consequently the fixed remuneration portion of the Managing Director has steadily reduced from Rs. 281.83 lakhs in the financial year 2013 to Rs. 245.90 lakhs in the financial year 2014 though he was appointed at a fixed monthly salary of Rs. 1,000,000 with an annual increase of 10% and variable salary of 7% of net profits from January 17, 2011 and the same was limited to 5% of net profits as per the Companies Act, 1956. Further, higher depreciation charge (a non-cash charge) due to the changes in the depreciation rates brought about by the Companies Act, 2013 has also impacted Profits to be considered for purposes of managerial remuneration resulting in the remuneration of the Managing Director sliding to Rs. 138.92 lakhs (excluding variable remuneration) for the financial year 2014 - 2015. Thus, remuneration to the Managing Director has not been revised over the last 3 years.

Further over the last 3 years, the responsibilities handled by Mr. Nikhil Kumar as Managing Director has significantly increased consequent to retirement of Mr. Hitoshi Matuso and Mr. Tadao Kuwashima - Whole-time directors who handled quality, technology up gradation and Japan and South East and South Asian markets.

In view of the above, to ensure that Mr. Nikhil Kumar's remuneration is commensurate with responsibility and to align the same with industry levels, as recommended by the Nomination & Remuneration Committee, the Board of Directors have at the meeting held on May 20, 2015, approved revision of the remuneration payable for the financial year ended March 31, 2015 to Mr. Nikhil Kumar, Managing Director as stated in the resolution set out at Item No. 8 subject to approval of the Shareholders and further subject to the total remuneration not exceeding 10% of profits instead of 5%. The Board has not increased the fixed or variable remuneration as approved by the shareholders at the Annual General Meeting held on June 25, 2011. However, in order to ensure that the Managing Director's remuneration is commensurate with responsibility and to align the same with industry levels, the Board has thought it fit to revise the cap of 5% of net profits stipulated under the Companies Act, 1956 to the cap of 10% of net profits now permitted under the Companies Act, 2013. For the financial year ended March 31, 2015, a fixed remuneration Rs. 138.92 lakhs (comprising of salary plus Company's

contribution to Provident fund @ 12%) has been paid to the Managing Director on the basis of 5% of profits and based on the said revision a sum of Rs. 89.27 lakhs additionally will be payable as variable remuneration to the Managing Director for which a provision has been made in the books of accounts taking the total remuneration to Rs. 228.18 lakhs (being 10% of profits).

Further, for the residual tenure upto January 16, 2016, it is proposed to pay a fixed remuneration comprising of a salary of Rs. 1,210,000, Company's contribution to provident fund @ 12%, leave travel allowance and medical allowance, each equal to one months' basic salary and a variable remuneration as may be approved by the Board subject however, to the overall remuneration to all the Whole-time directors being limited to 11% of profits.

Save as aforesaid, all other terms and conditions of appointment of Mr. Nikhil Kumar as approved by the shareholders at the Annual General Meeting held on June 25, 2011, shall remain unchanged.

Except Mr. Nikhil Kumar, none of the Directors or Key Managerial Personnel, or their relatives are in any way concerned or interested (financially or otherwise) in the resolution set out at Item No. 8 of the Notice.

The Board of Directors commends the Ordinary Resolution set out at Item No. 8 of the Notice for approval of Members.

**Profile of Mr. Nikhil Kumar pursuant to Clause 49 of the Listing Agreement is as per explanatory statement to Item No. 9 below.**

### Item No. 9

Consequent to the conversion as a Public Limited Company w.e.f January 17, 2011, the term of office of Mr. Nikhil Kumar as Joint Managing Director was restricted to 5 years from the date of conversion as Public Limited Company i.e. January 17, 2011 to January 16, 2016 and an agreement was entered into on May 30, 2011 containing the terms and conditions of the said appointment. Approval of the Members for this appointment, remuneration and other terms of appointment has been obtained at the Annual General Meeting held on June 25, 2011. Mr. Nikhil Kumar was re-designated as Managing Director w.e.f October 01, 2012 as approved by the shareholders by postal ballot on July 12, 2012.

At the meeting held on May 20, 2015, subject to approval of the members, the Board of Directors approved the re-appointment of Mr. Nikhil Kumar as Managing Director of the Company, as recommended by the Nomination & Remuneration Committee of the Board on the following terms:

1. Tenure - Mr. Nikhil Kumar shall hold office as Managing Director of the Company for a period of 5 years (Five) from January 17, 2016.
2.
  - a. Fixed remuneration by way of Salary of Rs. 1,210,000 per month from January 17, 2016 to March 31, 2016, Company's contribution to provident fund @ 12%, leave travel allowance and medical allowance, each equal to one months' basic salary and a variable remuneration as may be approved by the Board subject however, to the overall remuneration to all the Whole-time directors being limited to 11% of profits for the Financial year ending March 2015; and
  - b. Fixed remuneration by way of Salary of Rs. 1,331,000/- from April 1, 2016 with an increase of 10% to be given from First (1st) April of each year for rest of the tenure.
3. Variable remuneration as commission (based on Profits\* as computed in terms of the Companies Act, 2013) as follows effective April 1, 2016:

| Profits*         | % of Profits |
|------------------|--------------|
| up to Rs. 25 Crs | 3.25%        |
| up to Rs. 45 Crs | 2.50%        |
| above Rs. 45 Crs | 2.25%        |

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. Reimbursement 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.
  - b. Casual & Sick leave as per the rules of the Company.
  - c. Leave travel assistance of 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.



- 8. Mr. Nikhil Kumar's Headquarters will continue to be in Bangalore.
- 9. Mr. Nikhil Kumar, as Managing Director of the Company shall, subject to the superintendence, control and directions of the Board of Directors, shall continue to carry out such duties and functions and exercise all such powers for the purpose of management and administration of the Company as may be assigned to and vested in him by the Board of Directors of the Company.

**Profile of Mr. Nikhil Kumar pursuant to Clause 49 of the Listing Agreement:**

Mr. Nikhil Kumar aged 47 years is an Engineering graduate from Karnataka Regional Engineering College, Suratkal and has studied General Management in Harvard Business School in 1997. He has over 20 years work experience in the manufacture of electrical rotating machines. He has worked in Kirloskar Electric Company Limited from 1990 to 2000 as General Manager in charge of their Bangalore factory. He was first appointed as Director of the Company in April 1999 and as Joint Managing Director in October 2001. He is responsible for overall management of the Company's operations, strategic planning, technology alliances and sales and marketing since inception of the Company in 1999. He holds 4,638,664 equity shares of the Company amounting to 13.96% of paid up capital of the Company. Details of last drawn salary are as per explanatory statement to Item No. 8 above. He has attended all the meetings of the Board and Committees of which he is a member during the year.

He is also the Managing Director of the Company's wholly owned subsidiary DF Power Systems Private Limited and is a director of the overseas subsidiaries - TD Power Systems (USA) Inc. and TD Power Systems Japan Limited. He is also a Director in Nilarya Trading & Developers Private Limited.

Except Mr. Nikhil Kumar, none of the Directors or Key Managerial Personnel, or their relatives are in any way concerned or interested (financially or otherwise) in the resolution set out at Item No. 9 of the Notice.

The Board of Directors commends the Ordinary Resolution set out at Item No. 9 of the Notice for approval of Members.

Bangalore  
August 06, 2015

By Order of the Board  
for TD Power Systems Limited

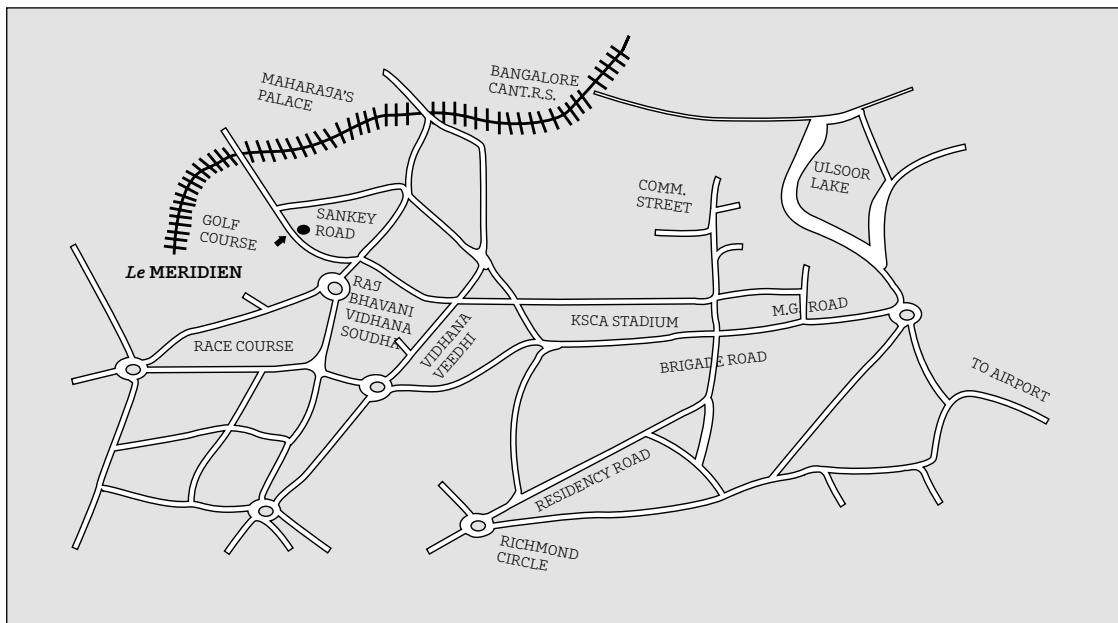
**Regd. Off:** No. 27, 28 & 29, KIADB Industrial Area, Dabaspet  
Nelamangala Taluk, Bengaluru Rural District, Bengaluru - 562 111

**N. Srivatsa**  
Company Secretary

**CIN:** L31103KA1999PLC025071

**E-mail Id:** tdps@tdps.co.in, **Website:** www.tdps.co.in,  
**Tel. No.:** + 91 80 22995700, **Fax:** + 91 80 7734439

**ROUTE MAP TO THE AGM VENUE**





**TD POWER SYSTEMS LIMITED**

Regd. Off: No. 27, 28 & 29, KIADB Industrial Area, Dabaspet,  
Nelamangala Taluk, Bengaluru Rural District, Bengaluru - 562 111  
CIN: L31103KA1999PLC025071, E-mail Id: tdps@tdps.co.in, Website: www.tdps.co.in,  
Tel. No.: + 91 80 22995700, Fax: + 91 80 7734439

**SIXTEENTH ANNUAL GENERAL MEETING**

**ATTENDANCE SLIP**

|  |  |
|--|--|
| <b>Regd. Folio/DP ID &amp; Client ID</b>   |  |
| <b>Name and Address of the Shareholder</b> |  |
| <b>No. of shares held</b>                  |  |

1. I hereby record my presence at the SIXTEENTH ANNUAL GENERAL MEETING of the Company being held at 10:30 AM on Wednesday, September 23, 2015, at Hotel Le Meridien, No. 28 Sankey Road, Opp Bangalore Golf Course, Bangalore 560 052.
2. Signature of the Shareholder/Proxy Present
3. Shareholder/Proxy holder wishing to attend the meeting must bring the Attendance Slip to the meeting and handover at the entrance duly signed.
4. Shareholder/Proxy holder desiring to attend the meeting may bring his/her copy of the Annual Report for reference at the meeting.

..... cut here .....

**ELECTRONIC VOTING PARTICULARS**

| <b>Electronic Voting Event Number (EVEN)</b> | <b>User ID</b> | <b>Password</b> |
|--|----------------|-----------------|
|  |                |                 |

Note:

Please read the instructions printed under the Note No. 5 to the Notice dated August 6, 2015 of the Sixteenth Annual General Meeting.

The e-voting period commences on September 20, 2015 at 9.00 AM (IST) and ends on September 22, 2015 at 5.00 PM (IST). The e-voting module shall be disabled by NSDL for voting thereafter.



**Form No. MGT-11**

**PROXY FORM**

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

**TD POWER SYSTEMS LIMITED**

Regd. Off: No. 27, 28 & 29, KIADB Industrial Area, Dabaspet,  
Nelamangala Taluk, Bengaluru Rural District, Bengaluru - 562 111  
CIN: L31103KA1999PLC025071, E-mail Id: tdps@tdps.co.in, Website: www.tdps.co.in,  
Tel. No.: + 91 80 22995700, Fax: + 91 80 7734439

**Sixteenth Annual General Meeting - September 23, 2015**

|                              |  |
|------------------------------|--|
| <b>Name of the Member(s)</b> |  |
| <b>Registered address</b>    |  |
| <b>E - Mail Id</b>           |  |
| <b>Folio No./Client Id</b>   |  |
| <b>DP ID</b>                 |  |

I/We, being the holder(s) of .....equity shares of TD POWER SYSTEMS LIMITED, hereby appoint

- Name: ..... Address: .....  
E Mail Id: ..... Signature: ..... or failing him
- Name: ..... Address: .....  
E Mail Id: ..... Signature: ..... or failing him
- Name: ..... Address: .....  
E Mail Id: ..... Signature: .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Sixteenth Annual General Meeting of the Company, to be held on Wednesday, **September 23, 2015 at 10.30 AM at Hotel Le Meridien, No. 28 Sankey Road, Opp. Bangalore Golf Course, Bangalore 560 052** and at any adjournment thereof in respect of such resolutions as are indicated below:

|  |
|--|
| <b>Resolutions</b>   |
| <b>Ordinary Business</b>   |
| 1. Adoption of Financial Statements for the year ended March 31, 2015.<br>2. Approval of Dividend for the year.<br>3. Re-appointment Non-executive Director Mr. Mohib Khericha as Director liable to retire by rotation.<br>4. Appoint M/s. B. K. Ramadhyani & Co. LLP, Chartered Accountants, Bangalore as Auditors and fix their remuneration.<br>5. Appoint Mr. Mitsuo Sekino, Certified Public Accountant, Tokyo, Japan as Auditor of Company's Japan Branch and fix remuneration. |
| <b>Special Business</b>  |
| 6. Ratification of payment of remuneration to Cost Auditors.<br>7. Appointment of Mr. K. G. Prabhakar as a Whole-time Director.<br>8. Revise the Remuneration payable to Mr. Nikhil Kumar, Managing Director.<br>9. Re-appointment of Managing Director and approve remuneration payable.  |

Signed this ..... day of ..... 2015  
Signature of Shareholder: .....  
Signature of Proxyholder(s): .....

Affix Re.1/-  
Revenue  
Stamp

**Note:**

- This form in order to be effective should be deposited at the registered office of the Company, not less than 48 hours before the commencement of the Meeting duly completed and signed.
- For resolutions, Explanatory Statement and notes, please refer to Notice of the Sixteenth Annual General Meeting.

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

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

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

**potential**

Annual Report  
2015

TD Power Systems Limited



A photograph of an industrial factory floor. In the foreground and middle ground, several large, cylindrical metal coils are arranged in a row. Each coil is wrapped with thick, red and white braided copper wire. The coils are resting on wooden pallets. The floor is painted green with yellow safety lines. In the background, there are various industrial machines, including a large green tank and a control panel. The ceiling has exposed pipes and lights.

tdps<sup>TM</sup> is

on the  
move



At **tdps**, we are constantly on the move. Never content with the status quo, and always working on improvements - in markets, relations, energy reduction, product specifications and more.

Over the years, **tdps** has established itself as one of the leading AC generator manufacturers, delivering across a wide product spectrum - from 1 to 250MVA. Our AC generator range has been developed to cater to applications in steam turbines, gas turbines, hydro turbines, wind turbines, diesel and gas engines. Our product offering also has solutions for geothermal, solar thermal, motor, transformer and propulsion engine testing, oil & gas applications.

Since inception, the company has manufactured 2900+ generators with an aggregate output capacity of 19000+ MW. Our growing user base illustrates the success story of a young company with growth plans to become the world's leading generator manufacturer and solutions provider.





**COMPANY INFORMATION**

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

CIN: L31103KA1999PLC025071

**Registered Office & Unit 1**

# 27, 28 & 29, KIADB Industrial Area  
Dabaspet, Nelamangala Taluk  
Bengaluru Rural District  
Bengaluru – 562 111, India  
Tel: + 91-80-2299 5700/6633 7700  
Fax: + 91-80-7734 439/2299 5718

**Unit 2**

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

**Japan Branch Office**

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

**Wholly Owned Subsidiaries**

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

**Bankers**

Bank of Baroda  
Standard Chartered Bank  
ICICI Bank Limited

**Auditors**

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

**Stock Exchanges**

(Where the shares of the Company are listed)

BSE Limited  
National Stock Exchange of India Ltd.

**Registrar and Transfer Agents (RTA)**

Link Intime India Private Limited

**Investors grievance redressal e-mail id**

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

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

Mohib N. Khericha

**Managing Director**

Nikhil Kumar

**Directors**

Hitoshi Matsuo  
(upto 21.02.2015)  
Nandita Lakshmanan  
Arjun Kalyanpur  
Nitin Bagamane  
Ravi Kanth Mantha  
K. G. Prabhakar  
(from 20.05.2015)

**Chief Financial Officer**

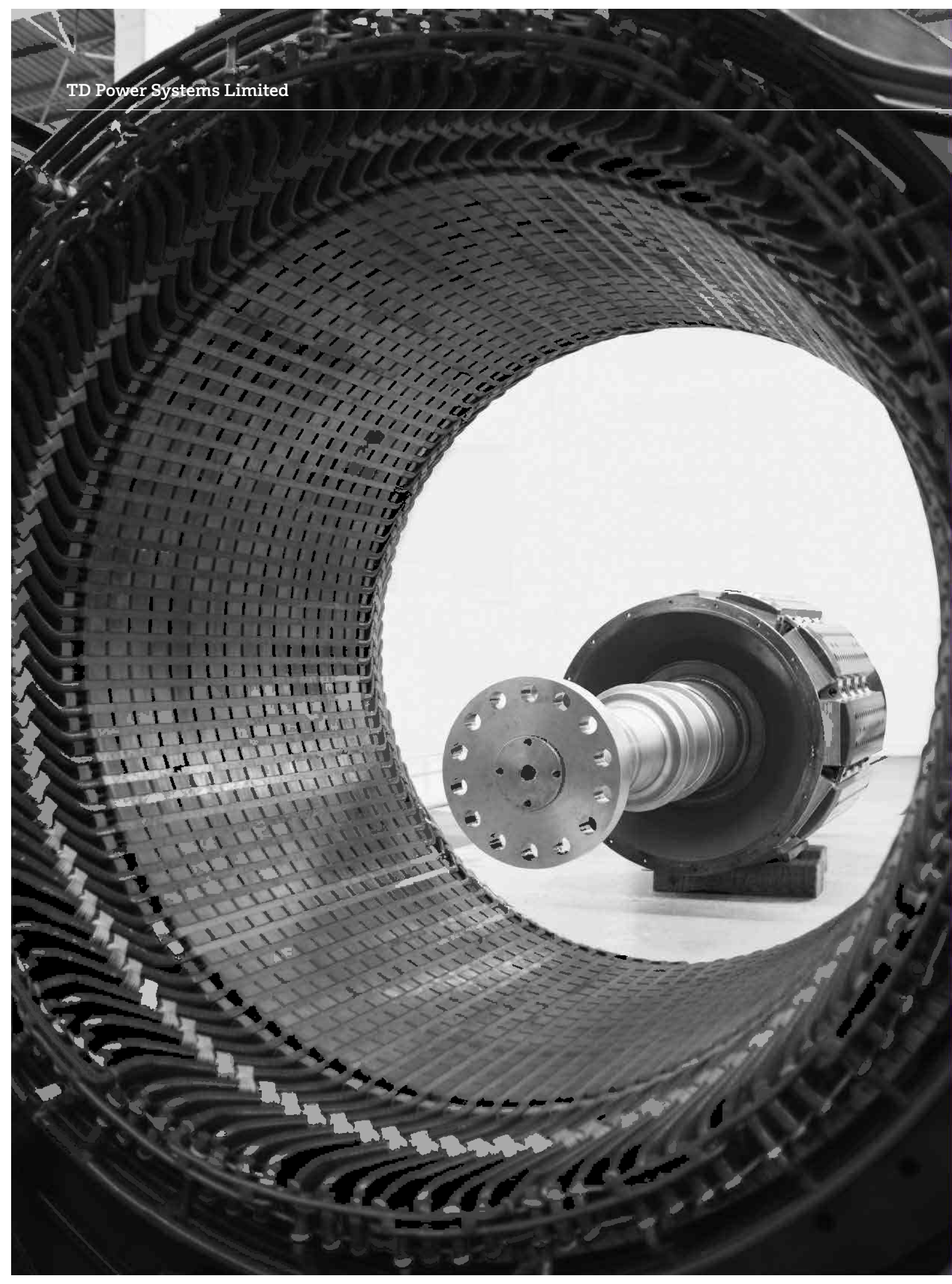
K. G. Prabhakar

**Company Secretary**

N. Srivatsa

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## DIRECTORS' REPORT

### Dear Members

Your Directors have pleasure in presenting the Sixteenth Annual Report (Boards' Report) together with the audited Financial Statements of the Company for the year ended March 31, 2015.

### Financial Results

|   | For the year ended<br>March 31, 2015<br>(Rs. in Lakhs) | For the year ended<br>March 31, 2014<br>(Rs. in Lakhs) |
|---|--|--|
| Revenue from operations & other Income              | 42,195.06  | 38,438.88  |
| <b>Operating Profit (EBITDA)</b>                    | <b>5,472.94</b>  | <b>6,370.93</b>  |
| Finance cost  | 371.99   | 360.48   |
| Depreciation & amortization                         | 2,800.60   | 1,459.94   |
| <b>Profit before Tax (PBT)</b>                      | <b>2,300.35</b>  | <b>4,550.51</b>  |
| Tax expense   | 604.06   | 1,151.66   |
| <b>Profit after Tax (PAT)</b>                       | <b>1,696.29</b>  | <b>3,398.85</b>  |
| Add: Surplus brought forward from the Previous Year | 20,627.58  | 18,471.97  |
| Less: Depreciation on Opening balance               | 152.26   | -  |
| <b>Available for appropriation</b>                  | <b>22,171.61</b>                                       | <b>21,870.82</b>                                       |
| <b>Appropriations</b>                               |  |  |
| Provision for Dividends and Tax thereon             | 1,059.13   | 894.39   |
| Transfer to General Reserves                        | 200.85   | 348.85   |
| <b>Surplus carried to Balance Sheet</b>             | <b>20,911.63</b>                                       | <b>20,627.58</b>                                       |

### Review of Operations

Even as the market sentiments seemed surcharged with the installation of the new government, no tangible change was witnessed in the business environment during Fiscal 2015. The much expected kick start of investments and consequent industrial growth resulting in an improvement in order book was belied. The capital goods industry was subdued belying expectations of a recovery. The core sector of power, cement, steel, oil & gas was sluggish resulting in virtually no expansion in these sectors affecting order flows to the capital goods sector. The world economy continued to be slow and did not instill confidence.

In these challenging circumstances, your Company increased its revenue from operations by Rs. 3,756 lakhs in Fiscal 2015- a rise of about 9.77% on the back of a moderate growth of 18% in orders. Net sales from manufacturing business at Rs. 35,609.12 Lakhs, increased by Rs. 4,773.06 Lakhs, a growth of 15.48% in Fiscal 2015, contributing 84.39% of our Total Income in Fiscal 2015, as compared to 80.22% in Fiscal 2014. Net sales from our Project Business at Rs. 4,867.40 Lakhs increased by Rs. 284.55 Lakhs, a subdued growth of 6.21% in Fiscal 2015 contributing 11.54% of our Total Income as compared to 11.92% in Fiscal 2014.

Exports and deemed exports contributed 66% of Revenue as compared to about 49% in the previous year which reflects our continuing focus on growing our overseas markets. Steam generators contributed 46% of the turnover followed by Hydro generators at 27%. Considering the dismal state of the domestic market, overseas markets have assumed great significance in growing the Companies business year on year and the initiatives undertaken by the Company in the last 3-4 years in seeding these markets are yielding good results encouraging us to enlarge our presence in select markets overseas.

Earnings Before interest, tax, depreciation & amortization (EBITDA) lower by 14.10% at Rs. 5,472.94 Lakhs as compared to Rs. 6,370.93 Lakhs in the previous year due to lower realizations on account on Euro & JPY devaluation. The Profit after tax decreased by Rs. 1,702 lakhs to Rs. 1,696.29 Lakhs as compared to Rs. 3,398.85 Lakhs, a decrease of 50% over previous year mainly due to a higher depreciation and amortization charge of Rs. 2,800.60 lakhs an increase of Rs. 1,340.66 Lakhs or 91.83% over previous year due to increased capitalization of fixed assets, change in the useful life of the asset as prescribed under the Companies Act, 2013 ("Act") and amortization of technical know as per accounting policy of the Company.

### Directors' Report (contd.)

The pending orders as of March 31, 2015 are Rs. 40,651.20 lakhs comprising of both manufacturing (Rs. 33,937.50 lakhs) and project business (Rs. 6,713.70 lakhs).

The net worth of the Company stands at Rs. 49,128.13 lakhs with the accretion of Rs. 484.89 lakhs to total reserves during the year. No material changes & commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company to which these financial statements relate and the date of this report.

#### Dividend

The Directors have recommended a dividend of Rs. 2.645 per equity share (an increase of 15%) for the year ended March 31, 2015 as against Rs. 2.30 per equity share for the year ended March 31, 2014. This Dividend is subject to approval of the shareholders at the forth coming Annual General Meeting. The dividends will entail a payout of Rs. 1,059.13 lakhs including dividend distribution tax of Rs. 179.99 lakhs.

#### Management Discussion & Analysis

Pursuant to clause 49 of the listing agreement with the stock exchanges, the Management Discussion & Analysis report covering operations, performance & outlook of the Company is annexed as **Annexure 9** to the Boards' Report.

#### Corporate Governance Report

A separate report on Corporate Governance is included in the Annual Report as **Annexure 10** to the Boards' Report. The certificate from a Practicing Company Secretary, regarding the compliance of conditions on Corporate Governance as stipulated in Clause 49 of the Listing Agreement with Stock Exchanges forms part of the said Report.

Note on Board evaluation, Board Diversity Policy, Training of independent directors –familiarization of directors, Policy on directors' appointment and remuneration, Whistle Blower policy / Vigil mechanism, Nomination & Remuneration policy form part of the Corporate Governance report (Annexure 10).

#### Subsidiaries

As on March 31, 2015, the Company has 3 wholly owned subsidiaries - DF Power Systems Private Limited (an Indian Subsidiary), TD Power Systems (USA) Inc., in the United States of America and TD Power Systems Japan Limited, in Japan.

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

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

A review of the operations of the subsidiaries as follows

#### Indian Subsidiary

During the year ended March 31, 2015, the weakness in order inflow both BTG / EPC projects continued to impact the performance of the Wholly Owned Subsidiary (WOS) DF Power Systems Private Limited. The orders for Thermal Power Market -15MW-150MW, the Company's mainstay was dismal in the year. Thermal Power Private EPC Companies reflected stress in domestic market and certain large players accepted orders merely in the hope of an improved market in future. Though there seemed some market traction starting in Small Power Plants (< 10MW) pricing was an issue. The Cement waste Heat recovery based Power plants, which was seen as an innovative option was cooling off due to lower fuel costs and longer payback periods. Thus, the overall scenario for power projects was rather dismal, the orders in the market were limited and at suboptimal prices prompting the Company to stay away from active bidding for projects.

The difficult market conditions continued to affect revenues and profitability of the Company. Though revenue of Rs. 16,479.99 lakhs for the year ended March 31, 2015 was higher as compared to Rs. 1,3034.71 lakhs for year ended March 31, 2014, this

## Directors' Report (contd.)

company incurred a net loss of Rs. 1,773.43 lakhs for the year as compared to a loss of Rs. 668.16 lakhs in the previous year. Considering the uncertain market situation, the company's ability to operate viably and profitably, a decision was taken by its Board to disengage from BTG/ EPC projects, scale down the business after completion of the existing projects and review as and when opportunities emerge in future.

### US Subsidiary

The seeding efforts in the USA through TD Power Systems (USA) Inc. have not borne fruit in the year under Report and the necessity of having an overseas sales office in the USA is under review. The operations of this company during the year under report have resulted in revenue of USD 20.92 lakhs (Rs. 1,287.5 lakhs) and a loss of USD -2.54 lakhs (Rs. -145.571 lakhs).

### Japan Subsidiary

TD Power Systems Japan Limited was incorporated to support the Company's efforts to grow TG Island business in Japan. Due to the dismal market conditions in India and sluggish global economic scenario, the primary activity of TG Island business continued to witness severe stress further compounded by the strengthening of Japanese yen. The operations of this company during the year under report have resulted in revenue of JPY 9,288.21 lakhs (Rs. 5,170.51 lakhs) and a profit after tax of JPY Rs. 263.14 lakhs (Rs. 141.27 lakhs). The Company's order book as of March 31, 2015 stands at JPY 8,780.03 (Rs. 4,555.10 lakhs).

### Internal Financial Control

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

### Directors' Responsibility Statement

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

- a. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- c. The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. The directors had prepared the annual accounts on a going concern basis;
- e. The directors, in the case of a listed company, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### Board of Directors & Key Managerial Personnel

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

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

During the Financial Year 2014-15, in compliance of relevant provisions of the Companies Act, 2013 and Rules thereunder, Mr. Nitin Bagamane, Dr. Arjun Kalyanpur, Ms. Nandita Lakshmanan and Mr. Ravi K Mantha the existing Independent

### Directors' Report (contd.)

Directors were appointed as Independent Directors of the Company, at the Annual General Meeting of the Company held on August 12, 2014. The details of the terms & conditions of their appointment are available on the website of the Company ([www.tdps.co.in](http://www.tdps.co.in)) in compliance of the revised Clause 49 of the Listing Agreement.

The said Independent Directors have given declaration stating that they meet the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

Mr. Hitoshi Matsuo, Non-Executive / Non Independent Director, has tendered resignation as Director of the Company effective from closing of business hours on February 21, 2015. The Board places on record its appreciation for the services rendered by Mr. Hitoshi Matsuo during his tenure with the Company.

On the recommendation of the Nomination and Remuneration committee, the Board of Directors of the Company appointed Mr. K G Prabhakar as Director (Category-Non Independent/Executive) of the Company with effect from May 20, 2015 in the casual vacancy caused by the resignation of Mr. Hitoshi Matsuo. Mr. K.G. Prabhakar is a Chartered Accountant with over 28 years of work experience in corporate finance, Accounting and taxation and is associated with the Company since 2001. Currently he is the Chief Financial Officer (CFO) of the Company.

#### Key Managerial personnel

Mr. Nikhil Kumar, Managing Director, Mr. K. G. Prabhakar, Chief Financial Officer and Mr. N. Srivatsa, Company Secretary are deemed to be Key Managerial Personnel of the Company as per the provisions of the Companies Act, 2013 and Rules thereunder and they were already in office before the commencement of the Companies Act, 2013.

#### Risk Management Policy

Pursuant to the revised Clause 49 of the Listing Agreement, a Risk Management committee of the Board of directors of the Company has been constituted. The details of the committee and its terms of reference are set out in the corporate governance report forming part of this report. While the Company has identified certain major risks and initiated appropriate measures to mitigate the said risks, a process to enhance the risk management framework is underway.

#### Auditors

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

The Notes on financial statements referred to in the Auditors Report are self-explanatory. The Auditors Report does not contain any qualification, reservation or adverse remark.

#### Secretarial Auditor

The Board appointed Mr. Sudhir V Hulyalkar, Practicing Company Secretary, Bangalore, to conduct the Secretarial Audit of the Company for the Financial Year 2014-15.

The Secretarial Audit Report for FY 2014-15 forms part of the Annual Report at **Annexure 8** to the Boards' Report and does not contain any qualification, reservation or adverse remark.

#### Cost Auditor

In terms of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, M/s. Rao, Murthy & Associates, Cost Accountants, Bangalore have been appointed as Cost Auditors of the Company for the Financial Year 2015-16.

#### Disclosure

##### Extract of the Annual Return

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



## Directors' Report (contd.)

### Number of Board Meetings

The Board met four times during the Financial Year 2014-2015 the details of which are given in the Corporate governance report that forms part of this Annual Report. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013.

### Particulars of Contracts or Arrangements

Particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013, in the prescribed Form AOC-2, is appended as **Annexure 3** to the Boards' Report.

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

The particulars as prescribed under Sub-section (3) (m) of Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, are enclosed as **Annexure 4** to the Boards' Report.

### Particulars of Loans, Guarantees or Investments

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

| Nature of transaction | Date of Board Resolution | Date of transaction | Name of the person to whom it is made                                    | Amount          |
|-----------------------|--------------------------|---------------------|--|-----------------|
| Loan                  | 12.02.2014               | 11.04.2014          | TD Power Systems (USA) Inc.  | USD 100,000     |
| Loan                  | 12.02.2014               | 15.05.2014          | TD Power Systems (USA) Inc.  | USD 100,000     |
| Loan                  | 12.02.2014               | 25.06.2014          | TD Power Systems (USA) Inc.  | USD 100,000     |
| Loan                  | 21.05.2014               | 02.06.2014          | TD Power Systems Japan Limited   | JPY 30,000,000  |
| Loan                  | 11.02.2015               | 05.03.2015          | TD Power Systems (USA) Inc.  | USD 100,000     |
| Corporate Guarantee   | 11.02.2015               | 30.03.2015          | To ICICI Bank Ltd. on behalf<br>DF Power Systems Private Limited         | Rs. 620,000,000 |
| Corporate Guarantee   | 11.02.2015               | 30.03.2015          | To Bank of Baroda on behalf<br>DF Power Systems Private Limited          | Rs. 300,000,000 |
| Corporate Guarantee   | 11.02.2015               | 27.02.2015          | To Standard Chartered Bank on behalf<br>DF Power Systems Private Limited | Rs. 500,000,000 |

### Particulars of employees

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

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

### CSR Committee

In terms of the requirements of the Companies Act, 2013, a Corporate Social Responsibility committee (CSR Committee) has been formed which has approved a CSR policy for the Company which is available on the website of the Company. The annual report on CSR is annexed as **Annexure 7** to the Boards' Report.

### Audit Committee

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

### Directors' Report (contd.)

#### General

Your Directors state as follows

1. No significant or material orders were passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.
2. There was no issue of equity shares with differential rights, as to voting, dividend or otherwise.
3. There was no issue of shares including as sweat equity shares or employee stock options.
4. There were no deposits covered under Chapter V of the Companies Act, 2013.
5. No money has been provided by company for purchase of its own shares by employees or by trustees for the benefit of employees.
6. No subsidiary has paid remuneration to Managing Director except DF Power Systems Private Limited (Rs. 1,851,500).
7. The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. During the year under review there were no cases filed pursuant to the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013.

#### Acknowledgement

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

For and on behalf of the Board of Directors

Bangalore  
May 20, 2015

**Mohib N. Khericha**  
Chairman

INTENTIONALLY LEFT BANK

## ANNEXURE TO THE DIRECTORS' REPORT

## ANNEXURE - 1

## FORM NO. MGT-9

## Extract of Annual Return

As on the Financial Year ended on 31.03.2015

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

## I. REGISTRATION AND OTHER DETAILS

|      |   |   |
|------|---|---|
| i.   | CIN   | L31103KA1999PLC025071   |
| ii.  | Registration Date   | 16/04/1999  |
| iii. | Name of the Company   | TD Power Systems Limited  |
| iv.  | Category/ Sub Category of the Company                             | Public Company (Limited by Shares)  |
| v.   | Address of the Registered office and contact details              | # 27, 28 & 29, KIADB Industrial Area, Dabaspet<br>Nelamangala Taluk, Bangalore – 562111<br>srivatsa.n@tdps.co.in<br>080-2299 5700 |
| vi.  | Whether listed Company  | Yes   |
| vii. | Name, Address and Contact details of Registrar and Transfer Agent | Link Intime India Private Limited<br>C-13, Pannalal Silk Mills Compound<br>L. B. S. Marg, Bhandup (West)<br>Mumbai - 400 078      |

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

| Sl. No. | Name and Description of main products / services | NIC Code of the Product / service | % to total turnover of the Company |
|---------|--|-----------------------------------|------------------------------------|
| 1.      | Manufacture of AC Generators                     | 3601                              | 98.46                              |
| 2.      | Manufacture of Electric Motors                   | 3604                              | Nil                                |

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

Companies for which information is being filled - 3 (three)

| Sl. No. | Name of the Company              | CIN/GLN                   | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section                            |
|---------|----------------------------------|---------------------------|--------------------------------|------------------|---|
| 1.      | DF Power Systems Private Limited | U51505KA2007<br>PTC041717 | Subsidiary                     | 99.99%           | Section 2(87) (ii) of the Companies Act, 2013 |
| 2.      | TD Power Systems (USA) Inc.      | NA                        | Subsidiary                     | 100%             | Section 2(87) (ii) of the Companies Act, 2013 |
| 3.      | TD Power Systems Japan Limited   | NA                        | Subsidiary                     | 100%             | Section 2(87) (ii) of the Companies Act, 2013 |

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

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

**i. Category-wise Shareholding**

| Category of Shareholders                                  | No. of Shares held at the beginning of the year |          |                 |                   | No. of Shares held at the end of the year |          |                 |                   | % Change during year |
|---|---|----------|-----------------|-------------------|---|----------|-----------------|-------------------|----------------------|
|   | Demat   | Physical | Total           | % of Total Shares | Demat                                     | Physical | Total           | % of Total Shares |                      |
| <b>A. Promoters</b>                                       |   |          |                 |                   |   |          |                 |                   |                      |
| <b>1. Indian</b>  |   |          |                 |                   |   |          |                 |                   |                      |
| a. Individual / HUF                                       | 6985524   | 0        | 6985524         | 21.02             | 6485524                                   | 0        | 6485524         | 19.52             | -1.50                |
| b. Central Govt   | 0   | 0        | 0               | 0                 | 0   | 0        | 0               | 0                 | 0                    |
| c. State Govt (s)   | 0   | 0        | 0               | 0                 | 0   | 0        | 0               | 0                 | 0                    |
| d. Bodies Corp.   | 6026433   | 0        | 6026433         | 18.13             | 5026433                                   | 0        | 5026433         | 15.12             | -3.01                |
| e. Banks / FI   | 0   | 0        | 0               | 0                 | 0   | 0        | 0               | 0                 | 0                    |
| f. Any Other  |   |          |                 |                   |   |          |                 |                   |                      |
| a. Chartered Capital & Investment Ltd.                    | 1134252   | 0        | 1134252         | 3.41              | 1134252                                   | 0        | 1134252         | 3.41              | 0                    |
| b. Sofia M. Khericha                                      | 2084100   | 0        | 2084100         | 6.27              | 2084100                                   | 0        | 2084100         | 6.27              | 0                    |
| c. Foziyha Akil Contractor                                | 151823  | 0        | 151823          | 0.46              | 0   | 0        | 0               | 0                 | -0.46                |
| <b>Sub-total (A) (1)</b>                                  | <b>16382132</b>                                 | <b>0</b> | <b>16382132</b> | <b>49.29</b>      | <b>14730309</b>                           | <b>0</b> | <b>14730309</b> | <b>44.32</b>      | <b>-4.98</b>         |
| <b>2. Foreign</b>   |   |          |                 |                   |   |          |                 |                   |                      |
| a. NRIs -Individuals                                      | 4235254   | 0        | 4235254         | 12.74             | 3235254                                   | 0        | 3235254         | 9.73              | -3.01                |
| b. Other  | 0   | 0        | 0               | 0                 | 0   | 0        | 0               | 0                 | 0                    |
| c. Individuals  | 0   | 0        | 0               | 0                 | 0   | 0        | 0               | 0                 | 0                    |
| d. Bodies Corp.   | 0   | 0        | 0               | 0                 | 0   | 0        | 0               | 0                 | 0                    |
| e. Banks / FI   | 0   | 0        | 0               | 0                 | 0   | 0        | 0               | 0                 | 0                    |
| <b>Sub-total (A) (2)</b>                                  | <b>4235254</b>                                  | <b>0</b> | <b>4235254</b>  | <b>12.74</b>      | <b>3235254</b>                            | <b>0</b> | <b>3235254</b>  | <b>9.73</b>       | <b>-3.01</b>         |
| <b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b> | <b>20617386</b>                                 | <b>0</b> | <b>20617386</b> | <b>62.03</b>      | <b>17965563</b>                           | <b>0</b> | <b>17965563</b> | <b>54.05</b>      | <b>-7.99</b>         |
| <b>B. Public Shareholding</b>                             |   |          |                 |                   |   |          |                 |                   |                      |
| <b>1. Institutions</b>                                    |   |          |                 |                   |   |          |                 |                   |                      |
| a. Mutual Funds   | 2147562   | 0        | 2147562         | 6.46              | 7265857                                   | 0        | 7265857         | 21.86             | 15.4                 |
| b. Banks / FI   | 0   | 0        | 0               | 0                 | 0   | 0        | 0               | 0                 | 0                    |
| c. Central Govt   | 0   | 0        | 0               | 0                 | 0   | 0        | 0               | 0                 | 0                    |
| d. State Govt (s)   | 0   | 0        | 0               | 0                 | 0   | 0        | 0               | 0                 | 0                    |
| e. Venture Capital Funds                                  | 0   | 0        | 0               | 0                 | 0   | 0        | 0               | 0                 | 0                    |
| f. Insurance Companies                                    | 0   | 0        | 0               | 0                 | 0   | 0        | 0               | 0                 | 0                    |
| g. FIIs   | 6847633   | 0        | 6847633         | 20.60             | 3942060                                   | 0        | 3942060         | 11.86             | -8.74                |



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

### Shareholding Pattern (contd.)

| Category of Shareholders  | No. of Shares held at the beginning of the year |                |                 |                   | No. of Shares held at the end of the year |               |                 |                   | % Change during year |
|---|---|----------------|-----------------|-------------------|---|---------------|-----------------|-------------------|----------------------|
|   | Demat   | Physical       | Total           | % of Total Shares | Demat                                     | Physical      | Total           | % of Total Shares |                      |
| h. Foreign Venture Capital Funds  | 0   | 0              | 0               | 0                 | 0   | 0             | 0               | 0                 | 0                    |
| i. Others (specify)   | 0   | 0              | 0               | 0                 | 0   | 0             | 0               | 0                 | 0                    |
| <b>Sub-total (B)(1)</b>   | <b>8995195</b>                                  | <b>0</b>       | <b>8995195</b>  | <b>27.06</b>      | <b>11207917</b>                           | <b>0</b>      | <b>11207917</b> | <b>33.72</b>      | <b>6.66</b>          |
| <b>2. Non-institutions</b>  |   |                |                 |                   |   |               |                 |                   |                      |
| a. Bodies Corp  |   |                |                 |                   |   |               |                 |                   |                      |
| i. Indian   | 1638651   | 0              | 1638651         | 4.93              | 1607183                                   | 0             | 1607183         | 4.84              | -0.09                |
| ii. Overseas  | 0   | 0              | 0               | 0                 | 0   | 0             | 0               | 0                 | 0                    |
| b. Individuals  |   |                |                 |                   |   |               |                 |                   |                      |
| i. Individual Shareholders holding nominal share capital up to Rs. 1 lakh         | 210323  | 2              | 210325          | 0.63              | 632588                                    | 2             | 632590          | 1.90              | 1.27                 |
| ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh | 608291  | 145500         | 753791          | 2.27              | 730066                                    | 0             | 730066          | 2.20              | -0.07                |
| c. Others   |   |                |                 |                   |   |               |                 |                   |                      |
| a. Non Resident Indians (Repat)   | 1965  | 0              | 1965            | 0.01              | 24064                                     | 0             | 24064           | 0.07              | 0.06                 |
| b. Non Resident Indians (Non Repat)   | 435   | 0              | 435             | 0.00              | 818                                       | 0             | 818             | 0.00              | 0.00                 |
| c. Foreign National   | 116508  | 0              | 116508          | 0.35              | 0   | 0             | 0               | 0                 | -0.35                |
| d. Clearing Member  | 27062   | 0              | 27062           | 0.08              | 88398                                     | 0             | 88398           | 0.27              | 0.19                 |
| e. Foreign Company  | 0   | 876270         | 876270          | 2.64              | 0   | 876270        | 876270          | 2.64              | 0                    |
| f. Foreign Portfolio Investor (Corporate)   | 0   | 0              | 0               | 0                 | 104719                                    | 0             | 104719          | 0.32              | 0.32                 |
| <b>Sub-total (B)(2)</b>   | <b>2603235</b>                                  | <b>1021772</b> | <b>3625007</b>  | <b>10.91</b>      | <b>3187836</b>                            | <b>876272</b> | <b>4064108</b>  | <b>12.23</b>      | <b>1.33</b>          |
| <b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>                                | <b>11598430</b>                                 | <b>1021772</b> | <b>12620202</b> | <b>37.97</b>      | <b>14395753</b>                           | <b>876272</b> | <b>15272025</b> | <b>45.95</b>      | <b>7.99</b>          |
| <b>C. Shares held by Custodian for GDRs &amp; ADRs</b>                            | <b>0</b>  | <b>0</b>       | <b>0</b>        | <b>0</b>          | <b>0</b>                                  | <b>0</b>      | <b>0</b>        | <b>0</b>          | <b>0</b>             |
| <b>Grand Total (A+B+C)</b>  | <b>32215816</b>                                 | <b>1021772</b> | <b>33237588</b> | <b>100</b>        | <b>32361316</b>                           | <b>876272</b> | <b>33237588</b> | <b>100</b>        | <b>0</b>             |

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

**Shareholding Pattern (contd.)**

**ii. Shareholding of Promoters**

| Sl. No. | Shareholder's Name                      | Shareholding at the beginning of the year |                                  |  | Shareholding at the end of the year |                                  |   | % change in shareholding during the year |
|---------|---|---|----------------------------------|--|-------------------------------------|----------------------------------|---|--|
|         |   | No. of Shares                             | % of total Shares of the Company | % of Shares Pledged / encumbered to total shares | No. of Shares                       | % of total Shares of the Company | % of Shares Pledged/ encumbered to total shares |  |
| 1.      | Saphire Finman Services Private Limited | 6026433                                   | 18.13                            | 0  | 5026433                             | 15.12                            | 0   | -3.01                                    |
| 2.      | Nikhil Kumar                            | 5138664                                   | 15.46                            | 0  | 4638664                             | 13.96                            | 0   | -1.50                                    |
| 3.      | Hitoshi Matsuo                          | 4235254                                   | 12.74                            | 0  | 3235254                             | 9.73                             | 0   | -3.01                                    |
| 4.      | Sofia M. Khericha                       | 2084100                                   | 6.27                             | 0  | 2084100                             | 6.27                             | 0   | 0  |
| 5.      | Mohib N. Khericha                       | 1846860                                   | 5.56                             | 0  | 1846860                             | 5.56                             | 0   | 0  |
| 6.      | Chartered Capital & Investment Ltd.     | 1134252                                   | 3.41                             | 0  | 1134252                             | 3.41                             | 0   | 0  |
| 7.      | Foziyha Akil Contractor                 | 151823                                    | 0.46                             | 0  | 0                                   | 0                                | 0   | -0.46                                    |
|         | <b>Total</b>                            | <b>20617386</b>                           | <b>62.03</b>                     | <b>0</b>   | <b>17965563</b>                     | <b>54.05</b>                     | <b>0</b>  | <b>-7.98</b>                             |

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

| Sl. No. | Shareholder's Name   | Shareholding at the beginning of the year  |                                  | Cumulative Shareholding during the year |                                  |
|---------|--|--|----------------------------------|---|----------------------------------|
|         |  | No. of shares                              | % of total shares of the Company | No. of shares                           | % of total shares of the Company |
| 1.      | <b>Saphire Finman Services Private Limited</b>   |  |                                  |   |                                  |
|         | At the beginning of the year   | 6026433                                    | 18.13%                           | 6026433                                 | 18.13%                           |
|         | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity etc)      | -1000000<br>(Sale of Shares on 07.10.2014) | -3.01%                           | 5026433                                 | 15.12%                           |
|         | At the end of the year   | 5026433                                    | 15.12%                           |   |                                  |
| 2.      | <b>Nikhil Kumar</b>  |  |                                  |   |                                  |
|         | At the beginning of the year   | 5138664                                    | 15.46%                           | 5138664                                 | 15.46%                           |
|         | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc) | -500000<br>(Sale of Shares on 09.10.2014)  | -1.50%                           | 4638664                                 | 13.96%                           |
|         | At the end of the year   | 4638664                                    | 13.96%                           |   |                                  |

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

## Shareholding Pattern (contd.)

| Sl. No. | Shareholder's Name   | Shareholding at the beginning of the year  |                                  | Cumulative Shareholding during the year |                                  |
|---------|--|--|----------------------------------|---|----------------------------------|
|         |  | No. of shares                              | % of total shares of the Company | No. of shares                           | % of total shares of the Company |
| 3.      | <b>Hitoshi Matsuo</b>  |  |                                  |   |                                  |
|         | At the beginning of year   | 4235254                                    | 12.74%                           | 4235254                                 | 12.74%                           |
|         | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc) | -1000000<br>(Sale of Shares on 07.10.2014) | -3.01%                           | 3235254                                 | 9.73%                            |
|         | At the end of the year   | 3235254                                    | 9.73%                            |   |                                  |
| 4.      | <b>Mohib N. Khericha</b>   |  |                                  |   |                                  |
|         | At the beginning of year   | 1846860                                    | 5.56%                            | 1846860                                 | 5.56%                            |
|         | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc) | -  | -                                | -                                       | -                                |
|         | At the end of the year   | 1846860                                    | 5.56%                            |   |                                  |

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

| Sl. No. | Shareholder's Name  | Shareholding at the beginning of the year  |                                  | Cumulative Shareholding during the year |                                  |
|---------|---|--|----------------------------------|---|----------------------------------|
|         |   | No. of shares                              | % of total shares of the Company | No. of shares                           | % of total shares of the Company |
| 1.      | <b>Sofia Mohib Khericha</b>   |  |                                  |   |                                  |
|         | At the beginning of year  | 2084100                                    | 6.27%                            | 2084100                                 | 6.27%                            |
|         | Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc) | 0  | 0                                | -                                       | -                                |
|         | At the end of the year (or on the date of separation, if separated during the year)   | 2084100                                    | 6.27%                            |   |                                  |
| 2.      | <b>Ironwood Investment Holdings</b>   |  |                                  |   |                                  |
|         | At the beginning of year  | 1338794                                    | 4.03%                            | 1338794                                 | 4.03%                            |
|         | Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfe/ bonus/sweat equity etc)  | -1338794<br>(Sale of Shares on 09.01.2015) | 4.03%                            | 0                                       | 0                                |

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

**Shareholding Pattern (contd.)**

| Sl. No.   | Shareholder's Name  | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|-----------|---|---|----------------------------------|---|----------------------------------|
|           |   | No. of shares                             | % of total shares of the Company | No. of shares                           | % of total shares of the Company |
|           | <b>Ironwood Investment Holdings (contd.)</b><br>At the end of the year (or on the date of separation, if separated during the year)                         | 0   | 0                                |   |                                  |
| <b>3.</b> | <b>India Value Fund IV</b><br>At the beginning of year  | 1218971                                   | 3.67%                            | 1218971                                 | 3.67%                            |
|           | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)   | 0   | 0                                | -                                       | -                                |
|           | At the end of the year (or on the date of separation, if separated during the year)   | 1218971                                   | 3.67%                            |   |                                  |
| <b>4.</b> | <b>Smallcap World Fund, Inc.</b><br>At the beginning of year  | 1209982                                   | 3.64%                            | 1209982                                 | 3.64%                            |
|           | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc) | -88771<br>(Sale of Shares on 23.01.2015)  | -0.27%                           | 1121211                                 | 3.37%                            |
|           | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc) | -10208<br>(Sale of Shares on 30.01.2015)  | -0.03%                           | 1111003                                 | 3.34%                            |
|           | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc) | -30728<br>(Sale of Shares on 06.02.2015)  | -0.09%                           | 1080275                                 | 3.25%                            |
|           | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc) | -7789<br>(Sale of Shares on 13.02.2015)   | -0.02%                           | 1072486                                 | 3.23%                            |

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

## Shareholding Pattern (contd.)

| Sl. No.   | Shareholder's Name  | Shareholding at the beginning of the year       |                                  | Cumulative Shareholding during the year |                                  |
|-----------|---|---|----------------------------------|---|----------------------------------|
|           |   | No. of shares                                   | % of total shares of the Company | No. of shares                           | % of total shares of the Company |
|           | <b>Smallcap World Fund, Inc. (contd.)</b>   |   |                                  |   |                                  |
|           | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc) | -81<br>(Sale of Shares on 20.02.2015)           | -0.00%                           | 1072405                                 | 3.23%                            |
|           | At the end of the year (or on the date of separation, if separated during the year)   | 1072405   | 3.23%                            |   |                                  |
| <b>5.</b> | <b>Chartered Capital &amp; Investment Ltd.</b>  |   |                                  |   |                                  |
|           | At the beginning of year  | 1134252   | 3.41%                            | 1134252                                 | 3.41%                            |
|           | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc) | 0   | 0                                | -                                       | -                                |
|           | At the end of the year (or on the date of separation, if separated during the year)   | 1134252   | 3.41%                            |   | -                                |
| <b>6.</b> | <b>IDFC Premier Equity Fund</b>   |   |                                  |   |                                  |
|           | At the beginning of year  | 1111825   | 3.35%                            | 1111825                                 | 3.35%                            |
|           | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc) | 160222<br>(Acquisition of Shares on 10.10.2014) | 0.48%                            | 1272047                                 | 3.83%                            |
|           | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc) | 245427<br>(Acquisition of Shares on 17.10.2014) | 0.74%                            | 1517474                                 | 4.57%                            |
|           | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc) | 1517474<br>(Sold Shares on 21.11.2014)          | -4.57%                           | 0                                       | 0                                |



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

**Shareholding Pattern (contd.)**

| Sl. No.   | Shareholder's Name   | Shareholding at the beginning of the year      |                                  | Cumulative Shareholding during the year |                                  |
|-----------|--|--|----------------------------------|---|----------------------------------|
|           |  | No. of shares                                  | % of total shares of the Company | No. of shares                           | % of total shares of the Company |
|           | <b>IDFC Premier Equity Fund (contd.)</b>   |  |                                  |   |                                  |
|           | At the end of the year (or on the date of separation, if separated during the year)  | 0  | 0                                |   |                                  |
| <b>7.</b> | <b>Toyo Denki Seizo KK</b>   |  |                                  |   |                                  |
|           | At the beginning of year   | 876270   | 2.64%                            | 876270                                  | 2.64%                            |
|           | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increas/decrease (e.g. allotment/transfer/bonus/sweat equity etc) | 0  | 0                                | -                                       | -                                |
|           | At the end of the year (or on the date of separation, if separated during the year)  | 876270   | 2.64%                            |   |                                  |
| <b>8.</b> | <b>Baring India Private Equity Fund III Listed Investments Limited</b>   |  |                                  |   |                                  |
|           | At the beginning of year   | 805778   | 2.42%                            | 805778                                  | 2.42%                            |
|           | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increas/decrease (e.g. allotment/transfer/bonus/sweat equity etc) | 0  | 0                                | -                                       | -                                |
|           | At the end of the year (or on the date of separation, if separated during the year)  | 805778   | 2.42%                            |   |                                  |
| <b>9.</b> | <b>Ontario Teachers' Pension Plan Board Managed By Arohi Asset Management Ptd. Ltd-NP9Q</b>  |  |                                  |   |                                  |
|           | At the beginning of year   | 716225   | 2.15%                            | 716225                                  | 2.15%                            |
|           | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increas/decrease (e.g. allotment/transfer/bonus/sweat equity etc) | 57625<br>(Acquisition of Shares on 04.07.2014) | 0.18%                            | 773850                                  | 2.33%                            |

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

## Shareholding Pattern (contd.)

| Sl. No.  | Shareholder's Name   | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|--|--|---|----------------------------------|---|----------------------------------|
|  |  | No. of shares                             | % of total shares of the Company | No. of shares                           | % of total shares of the Company |
|  | <b>Ontario Teachers' Pension Plan Board Managed By Arohi Asset Management Ptd. Ltd- NP9Q (contd.)</b><br>At the end of the year (or on the date of separation, if separated during the year) | 773850                                    | 2.33%                            |   |                                  |
| <b>10.</b>   | <b>Beaver Investment Holdings</b><br>At the beginning of year  | 554076                                    | 1.67%                            | 554076                                  | 1.67%                            |
|  | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increases/decrease (e.g. allotment/transfer/bonus/sweat equity etc)                                 | -554076<br>(Sale of Shares on 09.01.2015) | 1.67%                            | 0                                       | 0                                |
|  | At the end of the year (or on the date of separation, if separated during the year)  | 0   | 0                                |   |                                  |
| <b>Note:</b> The above statement is based on the weekly benpos provided by the Registrar & Share Transfer Agent, Link In time India Private Limited. |  |   |                                  |   |                                  |

## v. Shareholding of Directors and Key Managerial Personnel

| Sl. No.   | Shareholder's Name   | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|-----------|--|---|----------------------------------|---|----------------------------------|
|           |  | No. of shares                             | % of total shares of the Company | No. of shares                           | % of total shares of the Company |
| <b>1.</b> | <b>Nikhil Kumar</b><br>At the beginning of year  | 5138664                                   | 15.46%                           | 5138664                                 | 15.46%                           |
|           | Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc) | -500000<br>(Sale of Shares on 09.10.2014) | -1.50%                           | 4638664                                 | 13.96%                           |
|           | At the end of the year (or on the date of separation, if separated during the year)  | 4638664                                   | 13.96%                           |   |                                  |

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

**Shareholding Pattern (contd.)**

| Sl. No. | Shareholder's Name   | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|---------|--|---|----------------------------------|---|----------------------------------|
|         |  | No. of shares                             | % of total shares of the Company | No. of shares                           | % of total shares of the Company |
| 2.      | <b>Mohib N. Khericha</b>   |   |                                  |   |                                  |
|         | At the beginning of year   | 1846860                                   | 5.56%                            | 1846860                                 | 5.56%                            |
|         | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increas/decrease (e.g. allotment/transfer/bonus/sweat equity etc) | 0   | 0                                | -                                       | -                                |
|         | At the end of the year   | 1846860                                   | 5.56%                            |   |                                  |
| 3.      | <b>Nithin Bagamane</b>   |   |                                  |   |                                  |
|         | At the beginning of year   | 0   | 0                                | 0                                       | 0                                |
|         | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increas/decrease (e.g. allotment/transfer/bonus/sweat equity etc) | 0   | 0                                | -                                       | -                                |
|         | At the end of the year   | 0   | 0                                |   |                                  |
| 4.      | <b>Arjun Kalyanpur</b>   |   |                                  |   |                                  |
|         | At the beginning of year   | 0   | 0                                | 0                                       | 0                                |
|         | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increas/decrease (e.g. allotment/transfer/bonus/sweat equity etc) | 0   | 0                                | -                                       | -                                |
|         | At the end of the year   | 0   | 0                                |   |                                  |
| 5.      | <b>Nandita Lakshmanan</b>  |   |                                  |   |                                  |
|         | At the beginning of year   | 0   | 0                                | 0                                       | 0                                |
|         | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increas/decrease (e.g. allotment/transfer/bonus/sweat equity etc) | 0   | 0                                | -                                       | -                                |
|         | At the end of the year   | 0   | 0                                |   |                                  |
| 6.      | <b>Ravi Kanth Mantha</b>   |   |                                  |   |                                  |
|         | At the beginning of year   | 0   | 0                                | 0                                       | 0                                |
|         | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increas/decrease (e.g. allotment/transfer/bonus/sweat equity etc) | 0   | 0                                | -                                       | -                                |
|         | At the end of the year   | 0   | 0                                |   |                                  |

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

## Shareholding Pattern (contd.)

| Sl. No. | Shareholder's Name   | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|---------|--|---|----------------------------------|---|----------------------------------|
|         |  | No. of shares                             | % of total shares of the Company | No. of shares                           | % of total shares of the Company |
| 7.      | <b>K G Prabhakar</b>   |   |                                  |   |                                  |
|         | At the beginning of year   | 54500                                     | 0.16%                            | 54500                                   | 0.16%                            |
|         | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increas/decrease (e.g. allotment/transfer/bonus/sweat equity etc) | -50000<br>(Sale of Shares on 30.09.2014)  | -0.15%                           | 4500                                    | 0.01%                            |
|         | At the end of the year   | 4500                                      | 0.01%                            |   |                                  |
| 8.      | <b>N. Srivatsa</b>   |   |                                  |   |                                  |
|         | At the beginning of year   | 75  | 0.00%                            | 75                                      | 0.00%                            |
|         | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increas/decrease (e.g. allotment/transfer/bonus/sweat equity etc) | 0   | 0                                | -                                       | -                                |
|         | At the end of the year   | 75  | 0.00%                            |   |                                  |

**V. INDEBTEDNESS**

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

(Amt in Rs.)

| Sl. No.  | Particulars   | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|---|----------------------------------|-----------------|----------|--------------------|
| <b>A.</b>  | <b>Indebtedness at the beginning of the financial year (01.01.2014)</b> |                                  |                 |          |                    |
| i  | Principal Amount  | 597,961,754                      | -               | -        | 597,961,754        |
| ii   | Interest due but not paid**   | -                                | -               | -        | -                  |
| iii  | Interest accrued but not due**  | -                                | -               | -        | -                  |
|  | <b>Total</b>  | <b>597,961,754</b>               | <b>-</b>        | <b>-</b> | <b>597,961,754</b> |
| <b>B.</b>  | <b>Change in Indebtedness during the financial year</b>                 |                                  |                 |          |                    |
| i  | Addition  | -                                | -               | -        | -                  |
| ii   | Reduction   | 24,447,871                       | -               | -        | 24,447,871         |
|  | <b>Net Change</b>   | <b>24,447,871</b>                | <b>-</b>        | <b>-</b> | <b>24,447,871</b>  |
| <b>C.</b>  | <b>Indebtedness at the end of the financial year (31.03.2015)</b>       |                                  |                 |          |                    |
| i  | Principal Amount  | 573,513,883                      | -               | -        | 573,513,883        |
| ii   | Interest due but not paid**   | -                                | -               | -        | -                  |
| iii  | Interest accrued but not due**  | -                                | -               | -        | -                  |
|  | <b>Total</b>  | <b>573,513,883</b>               | <b>-</b>        | <b>-</b> | <b>573,513,883</b> |
| ** Since indebtedness is in respect of a working capital facility, Interest for the period is paid at the end of the period. Thus, neither "Interest due but not paid" nor "Interest accrued but not due" arise. |   |                                  |                 |          |                    |

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

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director - Mr. Nikhil Kumar**

| Sl. No. | Particulars of Remuneration  | (Rs.)  |
|---------|--|--|
| 1.      | Gross salary   |  |
|         | a. Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 12,000,400   |
|         | b. Value of perquisites u/s 17(2) Income-tax Act, 1961                             | 39,600   |
|         | c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961              | -  |
| 2.      | Stock Option   | -  |
| 3.      | Sweat Equity   | -  |
| 4.      | Commission   |  |
|         | - as % of profit   | # 8,926,900  |
|         | - others, specify  |  |
| 5.      | Others, please specify   | -  |
|         | <b>Total (A)</b>   | <b>20,966,900</b>  |
|         | Ceiling as per the Act   | Rs. 23,003,550 being 10% of net profits in terms of Section 198 of Companies Act, 2013 |

#Subject to approval of shareholders

**B. Remuneration to other directors**

| Sl. No. | Particulars of Remuneration                  | Name of Directors    |                       |                          |                         | Total (Rs.)   |
|---------|--|----------------------|-----------------------|--------------------------|-------------------------|---|
|         |  | Nitin Bagamane (Rs.) | Arjun Kalyanpur (Rs.) | Nandita Lakshmanan (Rs.) | Ravi Kanth Mantha (Rs.) |   |
| 1.      | Independent Directors                        |                      |                       |                          |                         |   |
|         | Fee for attending board / committee meetings | 1,80,000             | 80,000                | 1,40,000                 | 1,00,000                | 5,00,000  |
|         | Commission                                   | -                    | -                     | -                        | -                       | -   |
|         | Others, please specify                       | -                    | -                     | -                        | -                       | -   |
|         | <b>Total (1)</b>                             | <b>1,80,000</b>      | <b>80,000</b>         | <b>1,40,000</b>          | <b>1,00,000</b>         | <b>5,00,000</b>   |
| 2.      | Other Non-Executive Directors                |                      |                       |                          |                         |   |
|         | Fee for attending board / committee meetings | 1,60,000             |                       | 60,000                   |                         | 2,20,000  |
|         | Commission                                   | -                    |                       | -                        |                         | -   |
|         | Others, please specify                       | -                    |                       | -                        |                         | -   |
|         | <b>Total (2)</b>                             | <b>1,60,000</b>      |                       | <b>60,000</b>            |                         | <b>2,20,000</b>   |
|         | <b>Total (B) = (1+2)</b>                     |                      |                       |                          |                         | <b>7,20,000</b>   |
|         | Overall Ceiling as per the Act               |                      |                       |                          |                         | Rs. 2,300,355 being 1% of net profits in terms of Section 198 of Companies Act, 2013. |
|         | <b>Total Managerial Remuneration (A+B)</b>   |                      |                       |                          |                         | <b>21,686,900</b>   |

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

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

| Sl. No. | Particulars of Remuneration  | Key Managerial Personnel |                             | Total (Rs.)      |
|---------|--|--------------------------|-----------------------------|------------------|
|         |  | Company Secretary (Rs.)  | Chief Finance Officer (Rs.) |                  |
| 1.      | <b>Gross salary</b>  |                          |                             |                  |
|         | a. Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 40,15,193                | 47,75,072                   | 87,90,265        |
|         | b. Value of perquisites u/s 17(2) Income-tax Act, 1961                             | -                        | 46,800                      | 46,800           |
|         | c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961              | -                        | -                           | -                |
| 2.      | Stock Option   | -                        | -                           | -                |
| 3.      | Sweat Equity   | -                        | -                           | -                |
| 4.      | Commission   |                          |                             |                  |
|         | - as % of profit   | -                        | -                           | -                |
|         | - others, specify...   | -                        | -                           | -                |
| 5.      | Others, please specify   | -                        | -                           | -                |
|         | <b>Total</b>   | <b>40,15,193</b>         | <b>48,21,872</b>            | <b>88,37,065</b> |

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

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



Annexure to the Directors' Report (contd.)

**ANNEXURE – 2**

**FORM AOC – I**

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

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

**(Amount Rs. In lakhs)**

| <b>Name of the Subsidiary</b>          | <b>DF Power Systems Pvt. Ltd.</b> | <b>TD Power Systems (USA) Inc.</b> | <b>TD Power Systems Japan Ltd.</b> |
|--|-----------------------------------|------------------------------------|------------------------------------|
| <b>Reporting Currency</b>              | INR                               | USD                                | JPY                                |
| <b>Exchange Rate</b>                   | NA                                | **                                 | **                                 |
| <b>Share Capital</b>                   | 600.00                            | 481.78                             | 122.44                             |
| <b>Reserves &amp; Surplus</b>          | 2064.50                           | (548.56)                           | 200.66                             |
| <b>Total Assets</b>                    | 12516.59                          | 383.11                             | 3759.02                            |
| <b>Total Liabilities</b>               | 12516.59                          | 383.11                             | 3759.02                            |
| <b>Investments</b>                     | -                                 | -                                  | -                                  |
| <b>Turnover</b>                        | 16479.99                          | 1287.50                            | 5170.51                            |
| <b>Profit / (Loss) before taxation</b> | (1773.43)                         | (145.57)                           | 214.38                             |
| <b>Provision for taxation</b>          | 1.40                              | -                                  | 73.10                              |
| <b>Profit / (Loss) after taxation</b>  | (1774.83)                         | (145.57)                           | 141.27                             |
| <b>Proposed Dividend</b>               | -                                 | -                                  | -                                  |
| <b>% of Shareholding</b>               | 100                               | 100                                | 100                                |

**Note**

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

For and on behalf of the Board of Directors

**Mohib N. Khericha**  
Chairman

**Nikhil Kumar**  
Managing Director

Bangalore  
May 20, 2015

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

**N. Srivatsa**  
Company Secretary

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

## ANNEXURE – 3

## FORM AOC – II

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

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

| 1. Details of contracts or arrangements or transactions not at arm's length basis   | 2. Details of material contracts or arrangement or transactions at arm's length basis  |
|---|--|
| a. Name(s) of the related party and nature of relationship<br>b. Nature of contracts/arrangements/transactions<br>c. Duration of the contracts/arrangements/transactions<br>d. Salient terms of the contracts or arrangements or transactions including the value, if any<br>e. Justification for entering into such contracts or arrangements or transactions<br>f. Date(s) of approval by the Board<br>g. Amount paid as advances, if any<br>h. Date on which the special resolution was passed in general meeting as required under first proviso to section 188 | a. Name(s) of the related party and nature of relationship<br>b. Nature of contracts/arrangements/transactions<br>c. Duration of the contracts/arrangements/transactions<br>d. Salient terms of the contracts or arrangements or transactions including the value, if any<br>e. Date(s) of approval by the Board, if any<br>f. Amount paid as advances, if any |
| Nil   |  |

**Note**

No contracts or arrangements as referred to in Section 188 of the Companies Act, 2013 have been entered into by the Company in Fiscal 2015 requiring disclosures as above. However, the related party transactions for Fiscal 2015 are as per Note 31 to the financial statements and are based on contracts entered into prior to April 1, 2014.

For and on behalf of the Board of Directors

**Mohib N. Khericha**  
Chairman

**Nikhil Kumar**  
Managing Director

Bangalore  
May 20, 2015

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

**N. Srivatsa**  
Company Secretary

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

**ANNEXURE – 4**

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

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

| <b>A. Conservation of Energy</b>   |  |
|--|--|
| Steps taken or impact on conservation of energy  | <p>1. Energy conservation measures taken</p> <ul style="list-style-type: none"> <li>- Timer is incorporated for transformer lighting &amp; A/C for coil tapping area for effective power utilization.</li> <li>- In curing oven, the volume reduced to have less power consumption, from 210 kw to 132 kw.</li> <li>- Poly carbonate sheets changed for shop floor roof, hence the natural light is improved &amp; the power saved by not switching “on” the high bay lights.</li> <li>- Latest version IGBT changed for 65T OH crane, main hoist VFD drive, and the power consumption is reduced to the motor.</li> <li>- UPS is provided for LOS system for testing dept., the dedicated running of 250 kva is avoided and fuel &amp; energy is saved.</li> </ul> <p>2. Additional Investments and proposals, if any, being implemented for reduction of consumption of energy.</p> <ul style="list-style-type: none"> <li>- In both the Units of the Company, LED light fittings are planned for high bay fittings in shop floor winding &amp; GVPI bay instead of HPSV lamps. LED lamps are planned for coil section instead of fluorescent lamps.</li> <li>- The energy efficient compressor is planned instead of conventional compressor system in shop floor-air supply.</li> <li>- The detuned power capacitor will be introduced in LT power system to avoid Current Harmonic effects in the system</li> </ul> <p>3. Impact of measures (1) &amp; (2) above for reduction of energy consumption and consequent impact on the cost of production of goods.<br/>The above measures have resulted in energy saving, optimum utilization and efficiency and reduction in cost.</p> |
| Steps taken by the company for utilizing alternate sources of energy                                     | Natural gas will be the alternate fuel for DG sets. Dual fuel system will be introduced for the DG sets to reduce the consumption of HSD.  |
| Capital investment on energy conservation equipments   | Nil  |
| <b>B. Technology Absorption</b>  |  |
| 1. Efforts made towards technology absorption  | Development of advanced insulation system, large frames in horizontal configuration, development and manufacture of high power rating machines for a specific application jointly with a global leader, development of generators for wind application with variable parameters are some of the salient efforts. Absorption of technology for generators used for various applications and large generators is in progress.  |
| 2. Benefits derived like product improvement, cost reduction, product development or import substitution | Improvement of machine performance, enhanced ability to manufacture generators of various ranges, applications, large sizes and strengthening collaborative manufacturing aspects satisfying performance and quality requirements of global markets.   |

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

|           |   |  |
|-----------|---|--|
| 3.        | In case of imported technology (imported during the last three years reckoned from the beginning of the FY), following information may be furnished |  |
|           | a. Technology Imported  | Design and manufacturing technology in respect of wind and hydro and new generation type generators.   |
|           | b. Year of Import   | 2008/2011/2013   |
|           | c. Has technology been fully absorbed   | Manufacture of large generators in progress and absorption in respect of critical parts and assemblies completed while in respect of certain other critical parts of a large generator the absorption is under study. Manufacturing commenced in respect of wind generators. |
|           | d. If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action  | The technology imported is being absorbed backed by training and development which is a gradual process due to high quality and precision requirements.  |
| 4.        | Expenditure incurred on Research and Development  | Rs. in lakhs   |
|           | a. Capital  | -  |
|           | b. Recurring  | 628.56   |
|           | c. Total  | 628.56   |
|           | d. Total R&D expenditure as a percentage of turnover  | 1.55%  |
| <b>C.</b> | <b>Foreign Exchange Earnings and Outgo</b>  | <b>Rs. in Lakhs</b>  |
|           | Earnings in foreign Exchange [Value of Exports on FOB basis]  | 14505.66   |
|           | Foreign Exchange outgo (Includes RMC, components, spare parts and other expenditure in foreign currency)  | 1182.35  |

## ANNEXURE - 5

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

|     |  |                             |  |
|-----|--|-----------------------------|--|
| i.  | The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year   | <b>Name of the Director</b> | <b>Ratio to the Median</b>                   |
|     |  | Mr. Nikhil Kumar (MD)       | 60.99  |
| ii. | The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year. | <b>Name of the Director</b> | <b>% Increase</b>                            |
|     |  | Mr. Nikhil Kumar (MD)       | 7.60% (Subject to approval of shareholders.) |
|     |  | Mr. K G Prabhakar (CFO)     | 11.64%                                       |
|     |  | Mr. N Srivatsa (CS)         | 9.41%  |

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

|       |   |   |                     |                 |             |
|-------|---|---|---------------------|-----------------|-------------|
| iii.  | The percentage increase in the median remuneration of employees in the financial year   | 11.95%  |                     |                 |             |
| iv.   | The number of permanent employees on the rolls of Company   | 591   |                     |                 |             |
| v.    | The explanation on the relationship between average increase in remuneration and company performance  | The Profit before tax (PBT) decreased by 50.55% in Fiscal 2015 whereas the increase in median remuneration was 11.90%. This increase was necessitated to retain trained, skilled and experienced work force. Change in the method of depreciation charge consequent to the Companies Act, 2013 contributed to 56% reduction in PBT.   |                     |                 |             |
| vi.   | Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company   | Remuneration of Key Managerial Personnel increased by an average of 10.52% as compared to a decrease of 50.55% in PBT for Fiscal 2015   |                     |                 |             |
| vii.  | Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year | <b>Particulars</b>  | <b>2011*</b>        | <b>2014</b>     | <b>2015</b> |
|       |   | Share price at March 31   | 256**               | 267.85          | 359.30      |
|       |   | No. of equity shares  | 33237588            | 33237588        | 33237588    |
|       |   | PE ratio  | 15.11               | 26.18           | 70.45       |
|       |   | Market capitalization (Rs. In lakhs)  | 85088.23            | 89026.88        | 119422.65   |
|       |   | % increase / decrease in market quotation in comparison to last public offer price  | -                   | (+)4.63%        | (+)40.35%   |
|       |   | * The Company's last public offer was in September 2011<br>**Price at which shares were issued at IPO   |                     |                 |             |
| viii. | Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration  | The average percentile increase in the salaries of employees other than Managerial personnel in Fiscal 2015 is 19.26% where as the percentile increase in managerial remuneration is 7.60% (after considering commission provided in books payable subject to approval of shareholders). Excluding the commission as stated above, there will be decrease of about 38.26% in Fiscal 2015 over Fiscal 2014 in managerial remuneration. |                     |                 |             |
| ix.   | Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company  | The comparison of remuneration of the each Key Managerial Personnel against the Company PAT and Revenue for the FY 2014-15 are as follows   |                     |                 |             |
|       |   | <b>Name of the KMP</b>  | <b>% of Revenue</b> | <b>% of PBT</b> |             |
|       |   | Mr. Nikhil Kumar  | 0.49%               | 9.11%           |             |
|       |   | Mr. K. G. Prabhakar   | 0.11%               | 2.09%           |             |
|       | Mr. N. Srivatsa   | 0.10%   | 1.74%               |                 |             |



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

|      |   |   |
|------|---|---|
| x.   | The key parameters for any variable component of remuneration availed by the directors  | As provided in the Act and subject to approval of the shareholders, the Whole time directors are entitled to a variable salary in the form of commission, approved by the Board on the recommendation of the Nomination and Remuneration committee based on company performance, management challenges, market requirements and individual performance. |
| xi.  | The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year | Nil<br>As no employee receives remuneration in excess of the highest paid director.   |
| xii. | Affirmation that the remuneration is as per the remuneration policy of the company  | Yes   |

## ANNEXURE – 6

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

|   |  |
|---|--|
| <b>Employee Name</b>                                      | Nikhil Kumar   |
| <b>Designation</b>  | Managing Director  |
| <b>Remuneration</b>                                       | Rs. 20,966,900   |
| <b>Nature of employment</b>                               | Contract   |
| <b>Qualifications &amp; experience</b>                    | Bachelor of Engineering  |
| <b>Date of commencement of employment</b>                 | 01-10- 2001  |
| <b>Age</b>  | 47   |
| <b>Previous employment and designation</b>                | Kirloskar Electric Company Limited<br>Bangalore<br><br>General Manager |
| <b>Percentage of equity shares held (March 31, 2015)</b>  | 13.96%   |
| <b>Relative of any director or Manager of the Company</b> | No   |

For and on behalf of the Board of Directors

**Mohib N. Khericha**  
Chairman**Nikhil Kumar**  
Managing DirectorBangalore  
May 20, 2015**K. G. Prabhakar**  
Chief Financial Officer**N. Srivatsa**  
Company Secretary

**Annexure to the Directors' Report (contd.)****ANNEXURE – 7****Annual Report of Corporate Social Responsibility Activities (CSR) & CSR Policy**

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

**1. Composition of the CSR Committee**

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

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

**2. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or program**

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

The CSR Policy is to focus in areas such as Environment (Waste-to-energy processes, greening of the environment), Water (Revival of water bodies, groundwater recharge, storm water management, water supply) Sanitation (access to toilets for all, treatment of wastewater, reuse of treated water) and Solid Waste Management (Reduce, reuse, recycle) with a five year road map. In addition, the company may consider undertaking other permitted CSR activities from time to time including making contributions to the specific funds mandated by the Central/ State Government of India like Prime Minister's Relief Fund etc.

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

In terms of the CSR policy, the CSR committee selected a project relating to integrated water & sanitation management in Tymagondalu Village, Nelamangala Tq, Bangalore Rural District as the first CSR initiative of the Company. This initiative is expected to have duration of 5 years during which objectives such as garbage free village, augmentation of ground and surface water, zero contamination of water, 24/7 water supply, decentralized STP and solid waste management programs in two wards and related training and campaign would be achieved. To guide and assist in implementation of this CSR initiative, the Company has partnered with an experienced consulting agency and their affiliate.

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

The average net profit of the Company for the last three financial years is Rs. 3,185.25 lakhs.

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

Prescribed CSR expenditure is Rs. 63.70 lakhs (2% of Rs. 3,185.25 lakhs.)

**5. Details of CSR spent during the financial year**

- a. Total amount to be spent for the financial year: Rs. 63.70 lakhs
- b. Amount unspent, if any: Rs. 59.77 lakhs

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

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

(Rs. in lakhs)

| Sl. No. | CSR project or activity identified       | Sector in which the project is covered                            | Projects or programs<br>1. Local area or other<br>2. Specify the state and district where projects or programs undertaken | Amount outlay (budget) project or Programme wise<br><br>(Rs.) | Amount spent on the projects or programs<br>1. Direct expenditure<br>2. Overhead<br><br>(Rs.) | Cumulative expenditure up to the reporting period<br><br>(Rs.) | Amount spent direct or through implementing agency |
|---------|--|---|---|---|---|--|--|
| 1.      | Integrated water & Sanitation management | Health care, sanitation & safe drinking water (i) of Schedule VII | Local area of Tymagondalu in Nelamangala taluk, Bangalore Rural District  | 63.70 (Initial outlay)  | 3.93 (overhead)   | 3.93   | Direct   |
| 2.      | Akshaya Patra                            | Eradication of hunger and malnutrition (i) of Schedule VII        |   | 3.00  | 3.00 (Direct)   | 3.00   | Direct   |

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

The proposed project is being implemented through a partner agency and its affiliate. The selection of this agency required a validation of their capability and experience consuming considerable time. Once the partner agency was selected, a CSR study was commissioned to identify projects which could meet the CSR policy objectives and the proposed initiative in integrated water & sanitation management was identified. The next step was to interact with the local administration and all other stakeholders to participate in this initiative. The above activities were imperative for the success of the project which will be a 5 year initiative and required certain time and mobilization. The sum of Rs. 3.93 lakhs spent as of March 31, 2015 relates to all the activities stated above. Funds are released to partner agencies only when it is satisfied that the agreed target and the expected milestones will be met. As of the date of this report an additional Rs. 15.00 lakhs has been released to the partner agencies towards the project.

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

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

**Nikhil Kumar**  
Managing Director

**Ravi Kanth Mantha**  
Chairperson CSR Committee

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

**ANNEXURE – 8**

**FORM NO. MR-3**

**Secretarial Audit Report for the Financial Year ended March 31, 2015**

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

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

I have conducted the secretarial audit of the compliance applicable statutory provisions and the adherence to good corporate practices by TD Power Systems Limited (CIN: L31103KA1999PLC025071) (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2015, complied with the statutory provisions listed hereunder and also that the company has proper Board- processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by TD Power Systems Limited ("the Company") for the financial year ended on March 31, 2015 according to the provisions of

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI')
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- vi. Legal Metrology Act, 2009;
- vii. The Environment (Protection) Act, 1986 and Rules thereunder;
- viii. The Water (Prevention & Control Of Pollution) Act, 1974;
- ix. The Air (Prevention & Control of Pollution) Act, 1981;
- x. The Factories Act, 1948 and Rules thereunder;

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

- xi. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013;
- xii. All other Labour, Employee and Industrial Laws to the extent applicable to the Company;
- xiii. I have also examined compliance with the applicable clauses of the Listing Agreements entered into by the Company with Bombay Stock Exchange and National Stock Exchange of India;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, and Guidelines, as mentioned above wherever applicable subject to the following observations.

1. The Company was not required to comply with the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI') as there were no instances during the period under review for the Company to comply with
  - a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - b. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - c. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - d. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - e. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
2. The Company has filed all the forms and returns as required under the Companies Act, 2013. The Company is generally regular in filing the forms and returns within the prescribed time.

I further report that

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

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

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

I further report that there are adequate systems and processes in the company commensurate size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. The Company has requisite systems and processes to monitor and ensure compliance with labor and employee related laws, environmental laws as applicable to the Company and the Company is generally regular in making statutory payments and filing of periodical returns and forms with the prescribed authorities.

I further report that during the audit period the Company has following specific actions having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines referred to above.

The Company's new facility (Unit 2, Shop 3) located at Dabaspet, Bangalore for the production of large generators (2 pole technology) in the range of 74 MVA to 250 MVA was commissioned on April 25, 2014. In this respect the Company has signed a license agreement with Siemens AG to receive know-how for twenty years. The Company has informed to the stock exchanges under Clause 36 of the Listing Agreement that with this commissioning of the above said production facilities, the objects of the IPO as modified and approved by the shareholders in the Annual General Meeting held on July 12, 2012 has been completed.

Bangalore  
May 20, 2015

**Sudhir V Hulyalkar**  
Company Secretary in Practice

FCS No. 6040  
C P No. : 6137

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

#### ANNEXURE – 9

##### MANAGEMENT DISCUSSION AND ANALYSIS

The global recovery was mostly muted due to subdued recovery in some major developed economies of the world and China. The economic slowdown experienced in India since Fiscal 2011 seems to be requiring more time to improve than anticipated. The new government's efforts to usher in policy momentum conducive for revival of economic and industrial growth have improved business confidence and sentiments. However, as a result of guarded optimism which seems to be guiding over all business and industrial activity, there has been no visible momentum reflecting revival of demand, growth or investment cycle in the economy in Fiscal 2015. The demand for capital goods was subdued, if not nonexistent, in Fiscal 2015, driven by a wait and watch strategy in investment by business and industry faced as they were with falling capacity utilization and market growth. The positive business confidence and optimism failed to translate into significant capex allocations which could revive the capital goods sector. The devaluation of the Japanese yen and the Euro also affected realizations for Indian manufacturers.

In order to drive maximum capacity and operational efficiencies, power intensive industries such as steel, aluminum, copper, cement, engineering, sugar, chemicals depend on Captive Power Plants (CPP) in which the Company has a significant market presence. However, many CPP operated at suboptimal level in Fiscal 2015 due to fuel linkage issues and infrastructure bottlenecks thus seriously affecting growth or expansion. As in the last two to three years the domestic market for generators continued to be stagnant in Fiscal 2015. Consistent depression in demand over the last three years have led to intense competition and consequently unrelenting pricing pressures.

We are one of the leading manufacturers of AC Generators for a diverse range of prime movers with output capacities ranging from 1 MW to 200 MW for steam and gas and up to 35 MW for hydro and upto 20 MW diesel and gas engines and customized rating for wind turbines, catering to both conventional and renewable fuel based power plants.

In the backdrop of the challenging conditions as described above, the Company's performance has been encouraging. The manufacturing order booking grew by 18% in Fiscal 2015 to Rs. 4,318.79 lakhs from Rs. 3,664.30 lakhs as compared to Fiscal 2014 of which, the order booking from domestic sector was Rs. 1,792.73 lakhs (42%) as compared to exports (including deemed exports) at Rs. 2,526.06 lakhs being (58%). While the order booking in the first two quarters of Fiscal 2015 was healthy at Rs. 2,641.53 lakhs, the third and fourth quarter order booking was Rs. 1,677.26 lakhs. Steam and Hydro contributed to 44.44% and 25.71% respectively of order book for Fiscal 2015 while gas contributed to 9.36% and a beginning has been made in Traction generators. As of March 31, 2015 (Fiscal 2015) 2,671 generators with an aggregate output capacity of over 20,558 MW and have been supplied to 73 countries.

During Fiscal 2015 we have added 5 new customers OEM's in steam and wind segments. We have entered the traction generators market in which initial orders as qualification orders and once such orders are successfully completed, a significant potential is awaiting the Company in this segment with substantial orders on a long-term basis. It is hoped that some portion of the serial production orders will be received in Fiscal 2016.

On standalone basis, the Net sales from our manufacturing business increased by Rs. 4,773.06 Lakhs or 15.48%, to Rs. 35,609.12 Lakhs in Fiscal 2015 from Rs.30,836.06 Lakhs in Fiscal 2014. The generator business contributed to 84.39% of Fiscal 2015 revenues of the Company. Reflecting the depressed demand in the domestic markets, domestic sales has been sliding over the last 3 years contributing 33.47% of sales in fiscal 2015 as compared to 51.43% in Fiscal 2014 (& 62% in Fiscal 2013), while exports and deemed exports contributed to 66.53% of sales for Fiscal 2015 as compared to 49% in Fiscal 2014 (& 38% in Fiscal 2013). Growing supplies to reputed original equipment manufacturers (OEM's) who are global leaders in power equipments has strengthened our overseas markets and will continue to drive our exports both in the medium and long-term. While we have initiated required steps to strengthen our presence in the USA and Japan, steps are being taken to establish presence in other key markets to grow overseas markets.

Steam and Hydro contributed to 49% and 28.70% respectively of the revenue for Fiscal 2015 while gas contributed to 10.60%. The contribution of Gas generators has increased from 7.1% in Fiscal 2014 (& 2.5% in Fiscal 2013) to 10.60% in Fiscal 2015. Sale of Diesel and Gas engine generators increased by about 36.5% respectively in Fiscal 2015 while the sale of Hydro generators was lower by 10% in Fiscal 2015. Consistent growth in sales of gas, diesel, wind and other application generators contributed to about 22% revenue in Fiscal 2015 while steam and hydro generators contributed 78%, i.e. lower by 5% than in Fiscal 2014, reflecting reducing dependence on steam (though this segment has grown by 5% in Fiscal 2015) and hydro generators.

A large part of generator sales take place through OEM's, with top 10 customers contributing to 70.34% of FY 2015 revenues. Our association with a leading hydro power equipment manufacturer is progressing well reflecting a good potential in this segment as and when the Hydro market grows.



## Management Discussion and Analysis (contd.)

We also undertake overseas Turbine Generator island (TG Island) projects for steam turbine power plants with output capacity up to 55 MW using a Japanese turbine combined with our generator through our Japan branch. Net sales from our Project Business (TG island (up to 52MW)) increased by Rs. 284.55 Lakhs or 6.21% to Rs. 4,867.40 Lakhs in Fiscal 2015 from Rs. 4,582.85 Lakhs in Fiscal 2014. The appreciation of the Japanese yen as well as dismal economic and investment climate in India and worldwide resulted in low order intake adversely impacting this business in Fiscal 2015.

As of March 31, 2015, the pending order for Manufacturing was Rs. 33,937.50 Lakhs and for projects business in India and Japan was Rs. 6713.66 Lakhs.

Our Subsidiary, DF Power Systems Private Limited, is in the business of EPC / Boiler-Turbine Generator island projects (BTG) and the balance of plant portion for steam turbine power plants with output capacity up to 150 MW. Net Sales from EPC Business increased by Rs. 3,583.63 Lakhs or 29.42% to Rs. 15,765.64 Lakhs in Fiscal 2015 from Rs. 12,182.01 Lakhs in Fiscal 2014. The order book as of close of Fiscal 2014 was Rs. 14,370 Lakhs, made up of two orders – from a cement plant in Karnataka and a waste heat recovery plant in Raipur. Both these orders on hand are scheduled for completion in the ongoing year. Fiscal 2015 witnessed serious weakness in order inflow - both BTG / EPC projects and no orders were received during the year. The orders for Thermal Power Market 15MW-150MW, the Company's mainstay was dismal in the year. Though there seemed some market traction starting in Small Power Plants (< 10MW), pricing was an issue and certain large players accepted orders merely in the hope of an improved market in future. The Cement waste Heat recovery based Power Plants, which was seen as an innovative option failed to take off due to softening of oil prices and longer payback periods. The above factors prompted the company to stay away from active bidding for projects and adopt a wait and watch policy.

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

On a consolidated basis, the Net sales increased by Rs. 11,721.21 Lakhs or 24.41% to Rs. 59,744.19 Lakhs in Fiscal 2015 from Rs. 48,022.98 Lakhs in Fiscal 2014. Our profit after tax decreased by Rs. 2,353.65 Lakhs or 103.65% resulting in loss of Rs. 82.84 Lakhs in Fiscal 2015 from a profit of Rs. 2,270.81 Lakhs in Fiscal 2014.

### Outlook

The investment cycle is not showing signs of revival while demand continues to be tepid. It is reported that corporate profits as a percentage of GDP are at a historic low thus lending support to a view that entities with large cash flow abilities are holding back investments if not refusing to invest. The demand supply shortfall, quality and price of power continue to be bottlenecks for industrial growth and if investment by industry is to be fruitful, it is imperative for them to have dependable and cost effective power source. In the current Fiscal, the domestic market continues to remain soft till date for the manufacturing business and a revival if at all, in this market would be sustainable from FY 16 again driven by industrial capex recovery. We hope that the domestic market revives and the capex cycle turns around based on the policy changes being driven by the new government, softening interest rates, coal block auctions and the infrastructure investments.

Despite the unfavorable market conditions, we continue to have healthy market share in steam generators (up to 55MW), in diesel generators and hydro generators and are well placed to capitalize on any upswing in domestic as well as overseas demand.

Hydro orders from Indian OEM's are expected for projects in South East Asia even though no new projects are likely in India. However, price competitiveness is a challenge in the hydro market with aggressive pricing from European manufacturers and the weakening of the rupee could be a major concern.

Projects requiring large generator are in the pipeline but decisions are on hold. The Company is exploring component business from the large generator segment and has received a breakthrough order in this segment. While we hope that the domestic market recovers for steam generators, we continue to focus on building our existing portfolio of generators for other applications and expect growth in gas and wind generators in Fiscal 2016. Exports will continue to be our focus area in Fiscal 2016. We have a comfortable order book currently for Fiscal 2016 and are hopeful in increasing the same to support good growth in manufacturing business over Fiscal 2015. The traction generators business promises to be of significant volumes and could be a game changer for the Company both in domestic and export markets.

The projects business (TG Island) is being realigned to meet business requirements and during this Fiscal 2016 revenues from this segment will continue to be flat.

It is expected that the Company will tide over the difficult market conditions in Fiscal 2016 on the back of a revival in manufacturing business. Any substantial improvements in business in the above segments both in India and overseas will contribute to an improved performance. The Company maintains a healthy cash position and continues to remain debt free.

### Management Discussion and Analysis (contd.)

#### Risk Management and Mitigation

The Company's business relates to manufacture and sale of generators falling under capital goods sector and is dependent on country's economic growth, investment climate and business confidence as well as the sectors where in the Company's products are used.

The focus on exports and ongoing association with leading global leaders has enabled the Company to reduce dependence on the domestic market and accordingly, percentage exports (including deemed exports) in turnover during the year has gone up from 49% in Fiscal 2014 to 66.53% in Fiscal 2015.

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

#### 1. Economic slowdown and market concentration

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

Further, over dependence on any market/s may adversely affect the performance of the Company, if the concerned market gets sluggish due to factors stated above. As stated earlier, in the last 3 years, due to the slow-down in the economic activities, the domestic market has declined/remained stagnant which had considerable effect on the demand of the Company's products.

In order to reduce the over dependence on the domestic market, the Company focused on marketing its products in the global market and developed certain strategic partnerships and technology agreements. On the back of such initiatives, the contribution of exports to the total turnover has significantly grown. The Company is directing significant resources for extending its footprints in the global market to lessen the risk of over dependence on certain countries/regions. We have consistently grown our export base, by adding new OEM's within existing verticals, increase market share in existing verticals through better pricing, customization etc and diversifying into/introducing new product verticals.

#### 2. Technology and Product concentration

Steam turbine generators continue to be a major contributor of our standalone net sales year on year. Advanced technology relating to steam turbine generators or the development of steam turbine generators that prove superior in quality or effectiveness to our generator could affect our dominant market position in this segment.

The diverse product verticals catering to steam turbine generators, horizontal hydro generators, vertical hydro generators, diesel engine generators, wind turbine generators, gas engine generators, gas turbine generators, high voltage motors and generators for Geo Thermal and Solar thermal applications enables market presence across the spectrum of generator market in India and overseas and has reduced dependence on any particular industry or market segment. Even though Steam generators accounted for a significant portion of the revenues, the contribution of hydro, gas and other applications are consistently growing de-risking the products mix.

#### 3. Technology Risk

Response to and adoption of advanced technology and emerging power generation industry standards and practices on a cost-effective and timely basis is critical to sustaining and growing market reach of the Company.

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

The Company analyses customer preferences and accordingly develops design. The Company's team is engaged continuously in design and development of generators meeting customer requirements from time to time. Projects to develop generators for Special application and for design modification and enhancement are ongoing.

Technology absorption continues and orders are being received for large generators. As a part of the technology agreements, the Company receives updation of technology and processed continuously from licensors.

#### 4. Competition Risk

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

## Management Discussion and Analysis (contd.)

the Company to quote aggressively and impact its margins.

With a view to mitigate this risk, the Company provides value proposition to customer with products which meet the benchmark efficiencies at a competitive price and shorter delivery time, without compromising on margins. The Company continues to upgrade its engineered to order platform and design capabilities by incorporating latest technologies in its products and improvements in the design of generators enabling it to offer more efficient machines. Reduction in production, distribution costs and improvement in operating efficiencies are continuously pursued enabling it to offer competitive prices.

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

### 5. Risk arising from transnational sale of products

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

The Company has strict quality control procedures which ensure that all the products supplied to the customers must meet the contractual parameters. It is ensured that the contracts with customers clearly specify the obligations of the Company. In addition, the Company takes appropriate contractually insurance policies to cover all such risks.

### Manufacturing facilities, Design & Development

We have 3 manufacturing units, all located at Bangalore equipped with advanced automation/machines which help in delivering quality products at competitive prices. One of the facilities is a dedicated large generator manufacturing unit with state of the art machines and equipment. All the manufacturing units are ISO 9001:2008 compliant.

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

### Internal Control Systems and their adequacy

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

### Environment, Health and Safety

As a leading Generator Manufacturer the Company conducts all its operations in a manner that is protective of the environment, health and safety of employees, customers, suppliers and the community in large and is a zero discharge facility.

In fulfilling this commitment, we maintain and continually improve all our process and complying with legal and other requirements, in order to

- Ensure safety and Health of our employees, associated stakeholders and focus on how to make the world a better place to live.
- Comply with all applicable legal Safety and Health performance of individuals at different levels while considering their career advancement in the organization.
- Enhance Safety, Health & Environment (SHE) awareness amongst employees and associated stakeholders through effective communication and training.
- Ensure SHE responsibility amongst all the employees in their practices, promote and value their involvement in achieving the goals of this policy.
- Fix responsibility of SHE policy and procedures on the contractors, Sub-Contractors, Transporters and all other agencies operating with the Company.
- Integrate Health & Safety in all decision-making processes of the company including those dealings with purchase of

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

plant equipment, machinery & materials as well as selection and placement of personnel.

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

The Company’s environmental, occupational health and safety management systems fulfill ISO 14001-2204 and OSHAS 18001-2007 requirements.

**Human Resources**

Continuous skill development and enhancement is important for the Company with its focus on export markets. The Company recognizes that its workforce is critical to the Company’s success and therefore, is committed to training, skilling and up skilling it/s work force on an ongoing basis which ensures that its work force is able to adopt evolving technologies, processes and techniques. The Company’s leadership engages affirmatively in employee development and engagement activities such as involvement in the ‘Corporate Responsibility’ initiatives, active participation of work force in safety initiatives, quality improvement programs, language skills, leadership development programs, training programs and training under license agreements, on an ongoing basis. During the year, about 47 man days per employee was dedicated for training. Employee relations continue to remain peaceful and cordial.

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

The Company firmly believes that every woman employee of the Company has a right to work in an environment free from sexual harassment, intimidation or offensive behaviour and in which issues of harassment will be resolved without fear of reprisal. In this direction a Policy on prevention/prohibition of sexual harassment of woman at Company’s workplace (“Policy”) is in place to take effective measures to avoid and to eliminate and if necessary to impose punishment for any sexual harassment in the Company’s work place integrated with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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

As on March 31, 2015, the total strength of employees stood at 1136 including our subsidiary company. The attrition rate is less than 2% annually. A new wage agreement has been signed keeping in view the requirements of quality, productivity and efficiency in today’s competitive environment.

**Financial Review**

**Consolidated basis**

The results of operations as of and for the years ended March 31, 2015 and 2014 on a consolidated basis is as follows

| Particulars   | Fiscal 2015      |                   | Fiscal 2014      |                   |
|---|------------------|-------------------|------------------|-------------------|
|   | (Rs. in Lakhs)   | % of Total Income | (Rs. in Lakhs)   | % of Total Income |
| <b>Income</b>   |                  |                   |                  |                   |
| Net Sales   | 59,744.19        | 96.06             | 48,022.98        | 93.37             |
| Other Income  | 2,450.15         | 3.94              | 3,409.80         | 6.63              |
| <b>Total Income</b>   | <b>62,194.34</b> | <b>100.00</b>     | <b>51,432.78</b> | <b>100.00</b>     |
| <b>Expenditure</b>  |                  |                   |                  |                   |
| Consumption of Raw Material, Stores, Spare parts and Components | 25,307.73        | 40.69             | 22,002.79        | 42.78             |
| Purchases for Project Business                                  | 4,860.66         | 7.82              | 1,782.85         | 3.47              |
| Purchases for EPC   | 15,157.78        | 24.37             | 11,379.09        | 22.12             |
| Operating and Other Expenses                                    | 13,004.67        | 20.91             | 10,857.13        | 21.11             |

## Management Discussion and Analysis (contd.)

| Particulars                                     | Fiscal 2015      |                   | Fiscal 2014      |                   |
|---|------------------|-------------------|------------------|-------------------|
|   | (Rs. in Lakhs)   | % of Total Income | (Rs. in Lakhs)   | % of Total Income |
| Interest and Finance Charges                    |                  |                   |                  |                   |
| On Fixed Loans                                  | 0.00             | 0.00              | 0.00             | 0.00              |
| On Other Accounts                               | 388.69           | 0.62              | 361.40           | 0.70              |
| Loss on Sale of Fixed Assets                    | 2.79             | 0.00              | 18.98            | 0.04              |
| Depreciation Amortization of Technical Know-how | 2,876.29         | 4.62              | 1,495.19         | 2.91              |
| <b>Total Expenditure</b>                        | <b>61,598.61</b> | <b>99.04</b>      | <b>47,897.42</b> | <b>93.13</b>      |
| <b>Profit Before Tax</b>                        | <b>595.73</b>    | <b>0.96</b>       | <b>3,535.36</b>  | <b>6.87</b>       |
| Less  |                  |                   |                  |                   |
| Provision for Taxation                          | 363.10           | -                 | 1,173.03         | -                 |
| Provision for Wealth Tax                        | 1.82             | -                 | 2.10             | -                 |
| Deferred Tax                                    | 313.65           | -                 | 89.42            | -                 |
| <b>Profit/(Loss) After Tax</b>                  | <b>(82.84)</b>   | <b>-</b>          | <b>2,270.81</b>  | <b>-</b>          |

The Company's performance in Fiscal 2015 (vis-a-vis Fiscal 2014) on a consolidated basis is summarized as follows

- Total income at Rs. 62,194.34 Lakhs was higher by 20.92 % due to increase in sales volume of manufacturing business and Project Business.
- Net sales from manufacturing business at Rs. 34, 070.60 Lakhs an increase of 14.69% contributing 54.78% of Total Income.
- Net sales from our Project Business including Japan Subsidiary at Rs. 9,907.95 Lakhs increased 61.52% contributing 15.93% of Total Income.
- Net Sales from EPC Business at Rs. 15,765.64 Lakhs increased by 29.42% contributing 25.35% of Total Income.
- Other Income decreased by Rs. 959.65 Lakhs or 28.14%, primarily due to decrease in foreign exchange gain on account of Euro & JPY devaluation.
- Total Expenditure at Rs. 61,598.61 Lakhs increased by 28.61%, due to increased business volumes and providing for bad & doubtful debts.
- Consumption of raw material, stores, spare parts and components expenses at Rs. 25,307.73 Lakhs increased by 15.02%, primarily due to increase in sales of manufactured goods.
- Purchases for Project Business including Japan Subsidiary at Rs. 4,860.66 Lakhs increased by 172.63%, due to increased business volume.
- Purchases for EPC at Rs. 15,157.78 Lakhs increased by 33.21%.
- Operating and Other Expenses Rs. 13,004.67 Lakhs increased by 19.78%.
- Personnel expenses through salaries, wages and bonuses at Rs. 4,693.72 Lakhs increased by 6.88%, due to increase in salaries of employees and wage settlement with workmen.
- Profit before tax and extraordinary items at Rs. 595.74 Lakhs decreased by Rs. 2,939.63 Lakhs or 83.15%.
- Profit after tax decreased by Rs. 2,353.65 Lakhs or 103.65% resulting in Loss of Rs. 82.84 Lakhs.
- The consolidated net worth stands at Rs. 49,403.98 Lakhs a decrease of Rs. 1351.17 Lakhs over Fiscal 2014.

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

**Standalone basis**

The results of operations as of and for the years ended March 31, 2015 and 2014 on a stand-alone basis, comprising of manufacturing business and projects business is as follows

| Particulars   | Fiscal 2015      |                   | Fiscal 2014      |                   |
|---|------------------|-------------------|------------------|-------------------|
|   | (Rs. in Lakhs)   | % of Total Income | (Rs. in Lakhs)   | % of Total Income |
| <b>Income</b>   |                  |                   |                  |                   |
| Net Sales   | 40,476.51        | 95.93             | 35,418.91        | 92.14             |
| Other Income  | 1,718.54         | 4.07              | 3,019.98         | 7.86              |
| <b>Total Income</b>   | <b>42,195.06</b> | <b>100.00</b>     | <b>38,438.89</b> | <b>100.00</b>     |
| <b>Expenditure</b>  |                  |                   |                  |                   |
| Consumption of Raw Material, Stores, Spare parts and Components | 24,689.11        | 58.51             | 22,002.79        | 57.24             |
| Purchases for Project Business                                  | 3,083.60         | 7.31              | 1,867.57         | 4.86              |
| Operating and Other Expenses                                    | 8,949.39         | 21.21             | 8,178.61         | 21.28             |
| Interest and Finance Charges                                    |                  |                   |                  |                   |
| On Fixed Loans  | 0.00             | 0.00              | 0.00             | 0.00              |
| On Other Accounts   | 372.00           | 0.88              | 360.48           | 0.94              |
| Loss on Sale of Fixed Assets                                    | -                | -                 | 18.98            | 0.05              |
| Depreciation Amortization of Technical Knowhow                  | 2,800.60         | 6.64              | 1,459.94         | 3.80              |
| <b>Total Expenditure</b>  | <b>39,894.70</b> | <b>94.55</b>      | <b>33,888.37</b> | <b>88.16</b>      |
| <b>Profit Before Tax</b>  | <b>2,300.36</b>  | <b>5.45</b>       | <b>4,550.52</b>  | <b>11.84</b>      |
| Less  |                  |                   |                  |                   |
| Provision for Taxation  | 290.00           | -                 | 1,060.00         | -                 |
| Provision for Wealth Tax  | 1.82             | -                 | 1.99             | -                 |
| Deferred Tax  | 312.25           | -                 | 89.68            | -                 |
| <b>Profit/(Loss) After Tax</b>                                  | <b>1,696.29</b>  | <b>-</b>          | <b>3,398.85</b>  | <b>-</b>          |

On a standalone basis the Company's manufacturing and projects' business performance in Fiscal 2015 (vis-a-vis Fiscal 2014) is summarized as follows

- Total income increased by Rs. 3756.17 Lakhs or 9.77 % to Rs. 42,195.06 Lakhs.
  - Net sales from manufacturing business at Rs. 35,609.12 Lakhs increased by 15.48% contributing 84.39% of Total Income.
  - Net sales from Project Business at Rs. 4,867.40 Lakhs increased by 6.21% contributing 11.54% of Total Income.
- Other Income contributed 4.07% of total income and decreased by 43.09% to Rs. 1,718.54 Lakhs primarily due to decrease in foreign exchange gains. Interest from banks on deposits Rs. 1,237.59 Lakhs decreased by 5.49%, due to utilization of funds for capital expenditure.
- Total expenditure at Rs. 39,894.70 Lakhs increased by 17.72%, due to increased volumes.
  - Consumption of raw material, stores, spare parts and components expenses at Rs. 24,689.12 Lakhs increased by 12.21%, due to increase in sales of manufactured goods. Expressed as a percentage of total income, raw material consumption increased to 58.51% due to increased volumes and product mix.
  - Purchases for Project Business at Rs. 3,083.60 Lakhs increased by 65.11% due to increased volume. Expressed as a percentage of total income, purchases for Project Business increased to 7.31%.
  - Operating and other expenses at Rs. 8,949.38 Lakhs increased by 9.42%. Expressed as a percentage of total income, operating and other expenses remained flat at 21.21%
  - Power and fuel expenses at Rs. 607.35 Lakhs decreased by 7.96%, to Rs. 607.35 Lakhs on account transition to Grid Power from Diesel generator.



## Management Discussion and Analysis (contd.)

- Personnel expenses on account of salaries, wages and bonus at Rs. 3,365.94 Lakhs increased by 6.99%, basically due to increase in salaries of employees and wage settlement with workmen.
- Welfare expenses at Rs. 1,332.22 Lakhs increased by 32.96%, due to actuarial valuation of accrued leave.
- Repair expenses at Rs. 445.72 Lakhs increased by 63.19%, due to repair and maintenance of machines and other office equipment accounting.
- Selling Expenses at Rs. 603.19 Lakhs increased by 30.81%, on account of increased business volumes.
- Insurance expenses at Rs. 121.37 Lakhs increased by 14.06%, on account of increased business volumes, increase in fixed assets and product liability policies for export order.
- Consultancy & Professional charges at Rs. 413.36 Lakhs increased by 24.26% due to increased consultancy and professional services increased compliance requirements and accreditation charges.
- Royalty charges at Rs. 64.22 Lakhs increased by 305.69%, primarily due to sale of product under licensed agreement.
- Direction charges including other expenses at Rs. 289.29 Lakhs decreased by 30.76% due to retirement of whole-time directors.
- Manufacturing expenses at Rs. 144.25 Lakhs increased by 30.36%.
- Interest and finance charges at Rs. 372.00 Lakhs increased by 3.20% due to increase in the working capital utilization.
- Depreciation and amortization of technical know-how expense at Rs. 2,800.60 Lakhs increased by 91.83%, due to increased capitalization of fixed assets, additional depreciation charge due to change in the useful life of the asset in terms of the Companies Act, 2013 and amortization of technical know-how as per accounting policy of the Company.
- Earnings Before interest, tax, depreciation & amortization (EBITDA) lower by 14.10% at Rs. 5,472.94 Lakhs as compared to Rs. 6,370.93 Lakhs in the previous year due to lower realizations and increased costs.
- Profit after tax at Rs. 1,696.29 Lakhs decreased by Rs. 1,702.57 Lakhs or 50.09%.
- Capital expenditure including technology transfer Rs. 8,272,75 incurred primarily towards expanding our manufacturing facility for enhanced product range.
- Net working capital was comfortable at Rs. 18107.58 lakhs.
- Dividend declared was higher by 15% at Rs. 2.645 per share and the Dividend payout is 62.44% including dividend distribution tax.

### Forward-Looking Statement

Statements in the Management Discussion and Analysis describing the Company's plans, estimates and projections may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results may materially differ from those expressed or implied in the report. The Company assumes no responsibility to publicly amend, modify or revise any such statements on the basis of subsequent developments, information or events.



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

**ANNEXURE – 10**

**CORPORATE GOVERNANCE REPORT**

**Company's Philosophy**

Your Company i.e. TD Power Systems Limited ("The Company")/ ("TDPS") is committed to ethical business practices and regulatory compliances and continues to practice good Corporate Governance. It is our constant endeavour to adhere to the highest standard of integrity and to safeguard the interest of all our stakeholders. We believe, we have complied with the requirements of corporate governance contained in the Listing Agreement, particularly those relating to composition of Board of Directors ("The Board"), constitution of Committees such as an Audit Committee, Shareholder Grievance Committee and Remuneration Committee.

**I. Board of Directors and Procedures**

The composition of the Board of Directors as on March 31, 2015 comprised of six Directors consisting of a Non- Executive Chairman, a Managing Director ("MD") and four Independent Directors including a Women Director. The positions of the Chairman of the Board and the Managing Director (Chief Executive Officer) of the Company are held by separate individuals. The Chairman of the Board is a Non-Executive Non-Independent Director and one of the Promoters.

**A. Composition & Category of Directors, Attendance at Board Meetings & Annual General Meeting, Membership of other Boards/Committees as on March 31, 2015**

| Name                   | Category               | Board meetings during the year | Board meetings attended | Attendance at AGM | Directorship in other companies |          | Chairmanship / Committee membership of other companies |          |
|------------------------|------------------------|--------------------------------|-------------------------|-------------------|---------------------------------|----------|--|----------|
|                        |                        |                                |                         |                   | Chairman                        | Director | Chairman   | Director |
| Mr. Mohib N. Khericha  | Non-Executive Chairman | 4                              | 4                       | Yes               | -                               | 5        | 4  | 7        |
| Mr. Nikhil Kumar       | Managing Director      | 4                              | 4                       | Yes               | -                               | -        | -  | -        |
| Mr. Hitoshi Matsuo #   | Director               | 4                              | 3                       | Yes               | -                               | -        | -  | -        |
| Ms. Nandita Lakshmanan | Independent Director   | 4                              | 3                       | Yes               | -                               | -        | -  | -        |
| Dr. Arjun Kalyanpur    | Independent Director   | 4                              | 1                       | No                | -                               | -        | -  | -        |
| Mr. Nitin Bagamane     | Independent Director   | 4                              | 4                       | Yes               | -                               | 3        | 1  | 2        |
| Mr. Ravi Kanth Mantha  | Independent Director   | 4                              | 4                       | Yes               | -                               | -        | -  | 2        |

**Note**

- # Mr. Hitoshi Matsuo – Director, resigned as Director of the Company effective from closing of business hours on February 21, 2015.
- Excepting Mr. Mohib N. Khericha and Mr. Hitoshi Matsuo who hold 1,846,860 and 3,235,254 Equity Shares respectively, no other Non-Executive Directors holds shares of the Company.
- None of the Directors are related to each other.
- Number of Directorship held in other Companies includes all Companies, whether Listed or unlisted and excludes Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013 ("The Act")
- The necessary disclosures regarding change in Committee positions, if any, have been made by all the Directors, during the year under review. None of the Director is a Member of more than 10 Committees or Chairman of more than 5 Committees across all Indian Companies.

## Corporate Governance Report (contd.)

### B. Independent Directors

1. Independent Director means a Non-Executive Director, who fulfils the criteria as laid down in Clause 49(II)(B)(1) of the Listing Agreement.
2. The limits on directorship of Independent Directors and Executive Directors are within the permissible limits.
3. The maximum tenure of Independent Directors is in accordance with the Companies Act, 2013.
4. The Company has issued formal letter of appointment to its Independent Directors appointed at the Annual General Meeting (“AGM”) held on August 12, 2014, and the terms and conditions of said Letter are published on the website of the Company [www.tdps.co.in](http://www.tdps.co.in).
5. The Independent Directors of the Company met on March 25, 2015 without the attendance of the Executive and Non-Executive Directors and members of the Management of the Company. In the said meetings the Independent Directors reviewed the matters stated in Clause 49 (II) (B) (6)-i.e. review the performance of non-Independent Directors and the Board as a whole. Review the performance of the Chairperson of the Company, assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.
6. None of the Independent Directors are due for re-appointment.

### C. Familiarisation Programme for Non Executive/ Independent Directors of the Company

In terms of Clause 49 of the Listing Agreement, the Company adopted a Familiarization Programme for its Non-Executive Directors including Independent Directors comprising two segments.

1. Familiarization upon induction of new Directors
  - Inductee shall be provided with a copy of all the applicable codes and policies formulated and adopted by the Company.
  - An orientation on the Company’s, products, markets, customers and functions shall be provided.
  - Introduction to & interaction with certain key members of the senior management of the Company.
  - A detailed briefing to the inductee on the roles and responsibilities as Director/Independent Director.
2. Annual Familiarization Programme
 

The Company shall on an annual basis brief its Directors inter alia about the Company’s business model, shareholder profile, financial details, their roles, rights and responsibilities in the Company. The Board shall also be periodically briefed on the various changes in the regulations governing the conduct of Independent Directors. The above familiarization- program is placed on our website [www.tdps.co.in](http://www.tdps.co.in).

### D. Remuneration of Directors

There have been substantial changes in the regulatory framework in view of the introduction of the Companies Act, 2013 (“The Act”) and revised Listing Agreement with the Stock Exchanges. In view of the above, during 2014-15, the Nomination & Remuneration Committee (NRC) of the Board has framed a policy on selection and appointment of Directors and their remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under Section 178 of the Companies Act, 2013. We affirm that the remuneration paid to the Directors is as per the terms laid out in the Nomination and Remuneration Policy of the Company. Based on the recommendation of the NRC, the Board has approved the policy.

#### 1. Policy relating to the Remuneration for the Whole-time Director, KMP and Senior Management Personnel

##### a. General

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

### Corporate Governance Report (contd.)

- Increments to the existing remuneration/compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director.
- Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Financial Officer (“CFO”), the Company Secretary (“CS”) and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

#### **b. Remuneration to Whole-time Director, KMP and Senior Management Personnel**

- **Fixed Pay**

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

- **Minimum Remuneration**

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

- **Provisions for excess Remuneration**

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

#### **c. Remuneration to Non-Executive / Independent Director**

- **Remuneration / Commission**

The remuneration / commission shall be as per the Companies Act, 2013.

- **Sitting Fees**

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that, the amount of such fees shall not exceed Rupees One Lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

- **Profit-linked Commission**

The profit-linked Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

- **Stock Options**

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

#### **2. Non-Executive Directors’ Compensation**

Non-Executive Directors are paid sitting fees for attending Board/Committee Meetings and no commission/ share of profit is payable to them. Details are provided in Annexure 1- the extract of the Annual Return, annexed to the Directors Report in Form MGT-9 as required under the provisions of Section 92 of the Companies Act, 2013.

## Corporate Governance Report (contd.)

### 3. Executive Directors

The Company's Board comprises one executive director, namely, Mr. Nikhil Kumar, Managing Director. The remuneration of the Managing Director is governed by the agreement between the Company and Mr. Nikhil Kumar, which has been approved by the Board of Directors and the shareholders. The appointment is for a period of five years commencing from January 17, 2011 as provided in the service agreement with the Managing Director. The remuneration broadly comprises fixed component i.e. salary, allowances, perquisites and other benefits and a variable component in the form of commission on the profits of the Company.

Details of remuneration paid to the Managing Director for the Fiscal 2015 are provided in Annexure 1 of the extract of the Annual Return, annexed to the Directors Report in Form MGT-9 as required under the provisions of Section 92 of the Companies Act, 2013.

### E. Board Meetings

During the financial year ended March 31, 2015, 4 (four) Board meetings were held on May 21, 2014, August 12, 2014, November 05, 2014 and February 11, 2015. The maximum interval between any two meetings was well within the maximum period of four months/one hundred and twenty days. The attendance of each of the Directors at the Board Meeting(s) is given in the table above.

### F. Board Agenda

Agenda papers including draft minutes are circulated well in advance of Board meetings to the members. It contains vital and adequate information facilitating deliberations at the meeting. These are approved at the next meeting after incorporating changes, if any, which are affirmed by the chairperson.

#### The information forming part of the Board meeting includes

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

## II Board Committees

Pursuant to the provisions of the Companies Act, 2013 (the Act) and the Rules thereunder and Circular issued by the Securities & Exchange Board of India (SEBI), which is effective from 1st October, 2014, Audit Committee, Nomination & Remuneration Committee, Stakeholders' Relationship Committee have been reconstituted at the Board Meeting held on August 12, 2014 and the terms of reference of each committee has been revised to meet the requirements of the Act and SEBI circular.

**Corporate Governance Report (contd.)**

**A. Audit Committee**

The Audit Committee (“Committee”) consists of four Independent Directors and a non-Independent Director. Mr. Nitin Bagamane, Independent Director is the chairman and Dr. Arjun Kalyanpur, Ms. Nandita Lakshmanan, (all Independent Directors) and Mr. Mohib N. Khericha are the other members of the Committee. Mr. Ravi Kanth Mantha, Independent director, was inducted on February 11, 2015 as a member of the Audit Committee. The constitution of the committee meets with the requirements of section 177 of the Companies Act, 2013.

All the current members of the Committee have relevant experience in financial matters and Mr. Mohib N. Khericha is a member of the Institute of Chartered Accountants of India (ICAI).

The Chairman of the Audit Committee Mr. Nitin Bagamane attended the 15th Annual General Meeting held on Tuesday, August 12, 2014.

The Audit Committee met four (4) times during the financial year ended March 31, 2015 on May 21, 2014, August 12, 2014, November 05, 2014 and February 11, 2015. Particulars of attendance by the members of the Committee during the year ended March 31, 2015 are as follows.

| <b>Date of meeting</b> | <b>Members present</b>  |
|------------------------|---|
| May 21, 2014           | Mr. Nitin Bagamane, Mr. Mohib N. Khericha, and Ms. Nandita Lakshmanan                     |
| August 12, 2014        | Mr. Nitin Bagamane, Mr. Mohib N. Khericha, and Ms. Nandita Lakshmanan                     |
| November 05, 2014      | Mr. Nitin Bagamane, Mr. Mohib N. Khericha, Ms. Nandita Lakshmanan and Dr. Arjun Kalyanpur |
| February 11, 2015      | Mr. Nitin Bagamane, Mr. Mohib N. Khericha and Dr. Arjun Kalyanpur                         |

The Company Secretary is the Secretary of the Audit Committee.

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

The Committee reviews various aspects of internal controls and internal auditors’ reports on a regular basis.

The terms of reference of the Audit Committee are in terms of Section 177 of the Companies Act, 2013 and Rules thereunder and Clause 49 (III) (D) of the Listing Agreement including the following.

- Review of Management Discussion and Analysis of financial condition and results of operations, statements of significant related party transactions submitted by management, management letters/ letters of internal control weaknesses issued by the statutory auditors, Internal Audit Reports relating to internal control weaknesses, and the appointment, removal and terms of remuneration of the internal auditor.
- Review inter alia related party transactions and the financial statements, minutes of Board meeting and audit committee meetings of the Company’s unlisted Wholly Owned Subsidiaries (“WOS”) and all significant transactions and arrangements entered into by the said Subsidiary.

**B. Nomination & Remuneration Committee**

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

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

The terms of reference of the Nomination & Remuneration Committee in terms of Section 178 of the Companies Act, 2013 and rules thereunder and Clause 49 of the Listing Agreement as may be applicable from time to time and includes the following.

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees.
- Formulation of criteria for evaluation of Independent Directors and the Board.

## Corporate Governance Report (contd.)

- Devising a policy on Board diversity.
- Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

During the financial year 2014-2015 there were no meeting of the Committee.

### C. Stakeholders' Relationship Committee

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

The Company Secretary is the Compliance Officer of the Committee.

During the financial year ended March 31, 2015, no complaints have been received from the shareholders or pending resolution. The Committee has not met during financial year ended March 31, 2015.

### D. Risk Management

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

The Company has identified potential risks and required mitigation measures. The risk management policy is being reviewed to enhance control mechanism for risk evaluation and mitigation and the risk management process.

## III. Other Disclosures Recommended by SEBI

### A. Subsidiaries

The Company has three Wholly Owned Subsidiaries (WOS) one Indian and two overseas as detailed below.

None of these subsidiaries are a 'material non-listed Indian subsidiary', whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the holding company and its subsidiaries, in the immediately preceding accounting year. The Company has formulated a policy on determining material subsidiaries which is available on our website [www.tdps.co.in](http://www.tdps.co.in).

#### Indian Subsidiary

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

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

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

#### Overseas Subsidiaries

##### USA Subsidiary

The USA Subsidiary - TD Power Systems (USA) Inc. (TDPS USA) was incorporated on February 20, 2013 as a Delaware Corporation and the principal place of business of the Company located at Richfield, Ohio, USA. Three Directors of the Company Mr. Mohib N. Khericha, Mr. Nikhil Kumar and Mr. Hitoshi Matsuo (resigned with effect from February 21, 2015) as Directors of TDPS USA.

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

##### Japan Subsidiary

The Japanese subsidiary - TD Power Systems Japan Limited (TDPS Japan) was incorporated on March 19, 2013 and principal place of business of the company located at Tokyo, Japan. Three Directors of the Company Mr. Mohib N. Khericha, Mr. Nikhil Kumar and Ms. Nandita Lakshmanan are Directors of (TDPS Japan). In addition

**Corporate Governance Report (contd.)**

Mr. T Hosoya was appointed as Director in place of Mr. Hitoshi Matsuo who has resigned with effect from June 20, 2014. The financial statements of TDPS Japan are reviewed by the Audit Committee and overall operational performance is reviewed by the board.

**B. Disclosure regarding Appointment or Reappointment of a Director**

At the ensuing Annual General Meeting of the Company Mr. Mohib N. Khericha retires by rotation and being eligible offers himself for reappointment. A brief profile of Mr. Mohib N. Khericha is given below.

| Name                                   | Mr. Mohib N. Khericha  |
|--|--|
| Qualifications                         | B. Com. from Gujarat University. A fellow member of the Institute of Chartered Accountants of India.   |
| Date of Appointment                    | February 22, 2000  |
| Expertise in specific Functional areas | He has over 40 years of work experience in capital structuring, restructuring, financial management and loan syndication before venturing into merchant banking in the year 1994. He is on the board of various public limited and private limited companies as an Independent Director. Currently, he is the Managing Director of Chartered Capital and Investment Limited, a listed Company which is into Investment Banking Services. |

| Directorships held |   |                   |
|--------------------|---|-------------------|
| Sl. No.            | Company   | Designation       |
| 1.                 | M/s. Chartered Capital and Investment Limited         | Managing Director |
| 2.                 | M/s. Photoquip (India) Ltd.                           | Director          |
| 3.                 | M/s. Mazada Limited                                   | Director          |
| 4.                 | M/s. Chartered Logistics Limited                      | Director          |
| 5.                 | M/s. Kirloskar Power Build Gears Limited              | Director          |
| 6.                 | M/s. DF Power Systems Private Limited                 | Director          |
| 7.                 | M/s. Ravindu Motors Private Limited                   | Director          |
| 8.                 | M/s. Vijay Farms Private Limited                      | Director          |
| 9.                 | M/s. Saphire Finman Services Private Limited          | Director          |
| 10.                | M/s. Vijayjyothi Investments & Agencies Pvt. Ltd.     | Director          |
| 11.                | M/s. Sri Vijayadurga Investments & Agencies Pvt. Ltd. | Director          |
| 12.                | M/s. Abhiman Trading Company Pvt. Ltd.                | Director          |
| 13.                | M/s. Vijay Kirti Investments & Agencies Pvt. Ltd.     | Director          |
| 14.                | M/s. Vimraj Investments Pvt. Ltd.                     | Director          |
| 15.                | M/s. TD Power Systems (USA) Inc.                      | Director          |
| 16.                | M/s. TD Power Systems Japan Limited                   | Director          |
| 17.                | M/s. Laburnum Chemicals Pvt. Ltd.                     | Director          |

**C. Postal Ballot**

No special resolution was passed during the last year that required approval through postal ballot. Similarly, there is no proposal to pass any Special Resolution through postal ballot for the ensuing AGM.



## Corporate Governance Report (contd.)

### IV. General Body Meetings

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

| Financial Year Ended | Date & Time                    | Venue   | Special Resolutions passed   |
|----------------------|--------------------------------|---|--|
| March 31, 2012       | July 12, 2012<br>10.30 AM      | The Capitol,<br>Raj Bhavan Road,<br>Bangalore -560 001                | Vary and or revise (amount or schedule of deployment) the utilization of the proceeds from the Initial Public Offering ('IPO') of Equity Shares made in pursuance of the said Prospectus and or to utilize the proceeds from the IPO including but not limited to allocation intended for certain purposes into objects otherwise than stated in the Prospectus, as the case may be. |
| March 31, 2013       | September 20, 2013<br>11.00 AM | The Chancery Pavilion,<br>135, Residency Road,<br>Bangalore - 560 025 | Nil  |
| March 31, 2014       | August 12, 2014<br>10.30 AM    | The Chancery Pavilion,<br>135, Residency Road,<br>Bangalore - 560 025 | Increase the FII Limits.<br><br>Borrowing Powers to the Board of Directors   |

### V. Disclosure

#### 1. Related Party Transactions

During the year 2014-15, no materially significant related party transactions have been entered into by the Company with the Promoters, Directors or Management or their relatives that may have a potential conflict with the interest of the Company. Details of all related party transactions for the year ended March 31, 2015 are disclosed in the Notes to the Accounts in the Annual Report as required under Accounting Standard (AS) -18 issued by the Institute of Chartered Accountants of India.

#### 2. Details of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchange(s) or SEBI or any statutory authority, on any matter related to capital markets, during the last three years

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

#### 3. Code of Conduct

The Company has in place a comprehensive Code of Conduct ("the Code") applicable to all the employees and Non-executive Directors including Independent Directors. The Code gives guidance and support needed for ethical conduct of business and compliance of law. A copy of the Code has been placed on the Company's website ([www.tdps.co.in](http://www.tdps.co.in)). The Code has been circulated to Directors and Management Personnel and its compliance is affirmed by them annually. A declaration signed by the Managing Director forms part of this Report.

#### 4. CEO / CFO Certification

The Managing Director and Chief Financial Officer of the Company have certified to the Board of Directors, inter alia, the accuracy of financial statements and adequacy of internal controls for the financial reporting purpose as required under the Listing Agreement, for the year ended March 31, 2015. The said certificate forms part of this report.

#### 5. Accounting treatment in preparation of Financial Statements

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

#### 6. Code for prevention of Insider Trading/Fair Disclosure

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

### Corporate Governance Report (contd.)

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

In terms of the SEBI PIT Regulations a Code of practices and procedures for fair disclosure of Unpublished Price Sensitive Information has been formulated by the Company and available on company's website [www.tdps.co.in](http://www.tdps.co.in)

#### VI Means of Communication

##### Quarterly/half yearly/Yearly Results

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

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

#### VII. General Shareholder Information

The Company has complied with Clause 49 (I) (A) (1), (2) & (3) of the Listing Agreement as applicable for protecting and facilitating the exercise of shareholders' rights.

##### A. Sixteenth Annual General Meeting is scheduled to be held

Date & Time: Wednesday, September 23, 2015 at 10.30 AM

##### Venue

Hotel Le Meridien  
28 Sankey Road, P B No. 174  
Opposite to Bangalore Golf Club  
Bangalore 560 052  
India

##### B. Financial Year

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

##### C. Date of Book closure

The Companies Register of Members and Share Transfer Book's will remain closed from September 17, 2015 to September 23, 2015 (both days inclusive) for the purpose of Annual General Meeting.

##### D. Dividend Payment Date

The dividend, as recommended by the Board of Directors, if declared at the ensuing Annual General Meeting will be paid within the statutory period of 30 days, to those shareholders whose names appear on the Company's Register of Members as on September 16, 2015.

##### E. Listing on Stock Exchanges

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

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

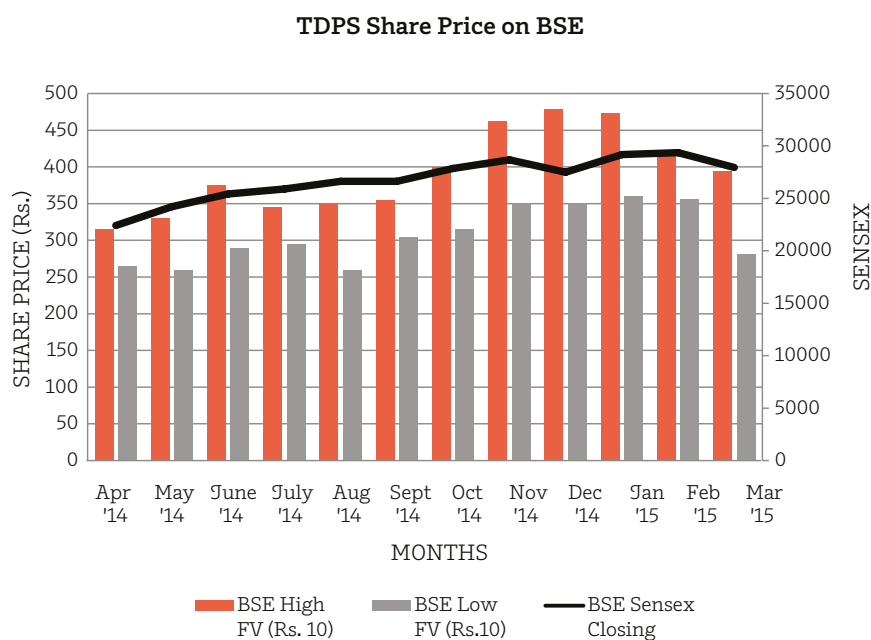
## Corporate Governance Report (contd.)

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

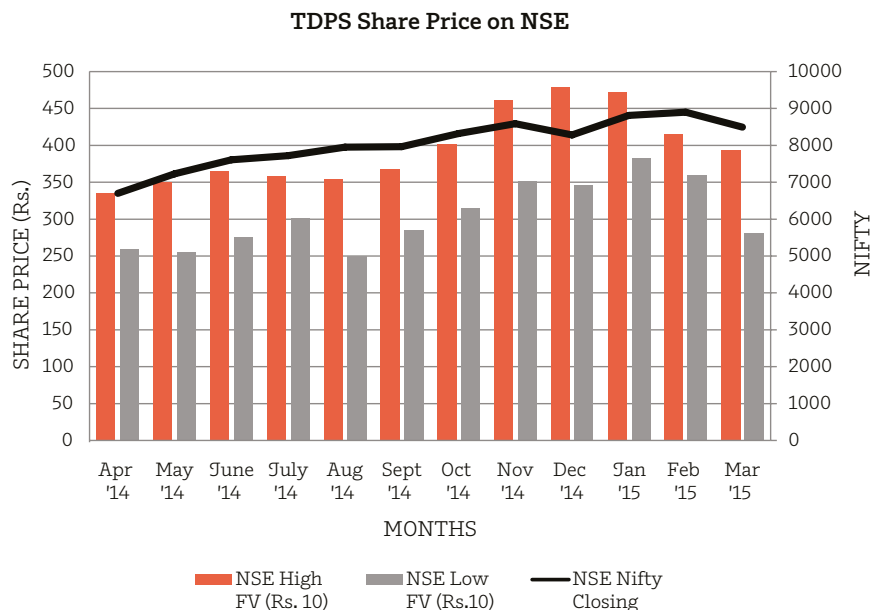
A summary containing monthly high/low/close and total volume of share prices at BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) is as under

| Months | On BSE     |           |             |              | On NSE     |           |             |              |
|--------|------------|-----------|-------------|--------------|------------|-----------|-------------|--------------|
|        | High (Rs.) | Low (Rs.) | Close (Rs.) | Volume (Rs.) | High (Rs.) | Low (Rs.) | Close (Rs.) | Volume (Rs.) |
| Apr-14 | 316        | 265.6     | 275.1       | 15656        | 335.95     | 259.95    | 269.65      | 75797        |
| May-14 | 330        | 259.95    | 313         | 110267       | 350        | 256       | 310         | 118747       |
| Jun-14 | 375        | 290       | 323.05      | 137751       | 364.95     | 275.25    | 319.85      | 70427        |
| Jul-14 | 345        | 295       | 322.2       | 10667        | 358        | 302.1     | 327.55      | 55172        |
| Aug-14 | 350        | 259       | 334.9       | 15944        | 354.9      | 249.75    | 329         | 103604       |
| Sep-14 | 355        | 305       | 335.05      | 128430       | 368        | 286       | 334.95      | 166589       |
| Oct-14 | 400.05     | 315       | 349.25      | 2921438      | 401.6      | 315.2     | 347.85      | 949305       |
| Nov-14 | 463        | 350.2     | 432.1       | 982240       | 461.95     | 352       | 431.45      | 1242511      |
| Dec-14 | 478.8      | 351       | 451.95      | 88091        | 479        | 345.95    | 450.75      | 298650       |
| Jan-15 | 472.85     | 360       | 381.8       | 4665631      | 472.05     | 380.1     | 383.5       | 1390807      |
| Feb-15 | 416        | 356.2     | 365.6       | 126422       | 415.8      | 360.2     | 368.4       | 476927       |
| Mar-15 | 395        | 281.7     | 359.4       | 284940       | 394.3      | 281.05    | 359.2       | 756370       |

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



**Corporate Governance Report (contd.)**



**H. Registrar and Transfer Agents (RTA)**

**Link Intime India Private Limited**

C-13, Pannalal Silk Mills Compound

L. B. S. Marg, Bhandup (West)

Mumbai - 400 078

Telephone No. 022- 25963838

**I. Share Transfer System**

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

**J. Shareholding pattern as on March 31, 2015**

| Shareholding Pattern as on March 31, 2015 |  |                  |               |
|---|--|------------------|---------------|
| Sl. No.                                   | Category                               | Number of Shares | % of Holding  |
| <b>(A)</b>                                | <b>Promoters &amp; Promoters Group</b> |                  |               |
| 1   | Promoters                              |                  |               |
|   | Individual (Indian Nationals)          | 6485524          | 19.52         |
|   | Individual (Foreign National)          | 3235254          | 9.73          |
|   | Body Corporate                         | 5026433          | 15.12         |
| 2   | Promoters Group                        | 3218352          | 9.68          |
|   | <b>Total (A1 + A2)</b>                 | <b>17965563</b>  | <b>54.05</b>  |
| <b>(B)</b>                                | <b>Public Shareholdings</b>            |                  |               |
| 1   | Mutual Funds                           | 7265857          | 21.86         |
| 2   | Foreign Institutional Investors        | 3942060          | 11.86         |
| 3   | Bodies Corporate                       | 1607183          | 4.84          |
| 4   | Individuals                            | 1362656          | 4.10          |
| 5   | Others                                 | 1094269          | 3.29          |
|   | <b>Total B</b>                         | <b>15272025</b>  | <b>45.95</b>  |
|   | <b>Grand Total (A + B)</b>             | <b>33237588</b>  | <b>100.00</b> |

## Corporate Governance Report (contd.)

**K. Distribution of shareholding as on March 31, 2015**

| Shareholding of Nominal Shares | Shareholders | % to Total Shareholders | Total Shares    | % of Paid up Capital |
|--------------------------------|--------------|-------------------------|-----------------|----------------------|
| 1 to 500                       | 2755         | 87.18                   | 261941          | 0.79                 |
| 501 to 1000                    | 168          | 5.32                    | 133760          | 0.40                 |
| 1001 to 2000                   | 84           | 2.66                    | 129543          | 0.39                 |
| 2001 to 3000                   | 33           | 1.04                    | 83283           | 0.25                 |
| 3001 to 4000                   | 11           | 0.35                    | 40069           | 0.12                 |
| 4001 to 5000                   | 12           | 0.38                    | 57168           | 0.17                 |
| 5001 to 10000                  | 23           | 0.73                    | 189280          | 0.57                 |
| Above 10000                    | 74           | 2.34                    | 32342544        | 97.31                |
| <b>Total</b>                   | <b>3160</b>  | <b>100.00</b>           | <b>33237588</b> | <b>100.00</b>        |

**Note:** The above statement of distribution of shareholding as on 31.3.2015 is as provided by the Registrar & Share Transfer Agent, Link Intime India Private Limited.

**L. Dematerialisation of Shares and Liquidity as on March 31, 2015**

| Description  | No. of Holders | No. of Shares     | % of Equity   |
|--------------|----------------|-------------------|---------------|
| Physical     | 2              | 876,272           | 2.64          |
| NSDL         | 1,934          | 29,816,613        | 89.71         |
| CDSL         | 1,224          | 2,544,703         | 7.65          |
| <b>Total</b> | <b>3160</b>    | <b>33,237,588</b> | <b>100.00</b> |

**M. Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity**  
No outstanding GDRs/ADRs/Warrants or any Convertible instruments**N. Registered Office & Plant Location**

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

**O. Compliance Officer**

**N. Srivatsa**  
Company Secretary & Compliance Officer

**P. Address for correspondence**

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

| Registered Office & Plant   | City Office  |
|---|--|
| <b>TD POWER SYSTEMS LIMITED</b><br># 27, 28 & 29 KIADB Industrial Area<br>Dabaspet, Nelamangala Taluk<br>Bangalore, Karnataka - 562 111<br>Ph.: + 091-080-2299 5700<br>Fax: 091-080-2299 5718 | <b>TD POWER SYSTEMS LIMITED</b><br>RMJ Mandoth Towers<br>3rd Floor, #37, 7th Cross, Vasanthnagar<br>Bangalore – 560 052<br>Ph.: +091-080-2201 7800<br>Fax: 091-080-2201 7850 |



### Corporate Governance Report (contd.)

#### Q. Information through Company's Website

Information pertaining to financial performance, Shareholding pattern, compliance with Corporate Governance and announcements are being uploaded and can be viewed by the general public on [www.tdps.co.in](http://www.tdps.co.in)

### VIII. Other Disclosure

#### A. Management Discussion and Analysis Report

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

#### B. Whistle Blower Policy / Vigil Mechanism

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

Any actual or potential violation of the Code or any deviation from the key company policies howsoever insignificant or perceived as such, is a matter of serious concern for the Company and should be reported appropriately for remedial /penal action.

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

This Whistle Blower Policy & Vigil Mechanism ("the Policy" or "this Policy") has been formulated with a view to provide a mechanism for Directors/ Employees of the Company to approach the Chairperson of the Audit Committee of the Company or Chairman of the Company and Vigil Mechanism as envisaged in the Companies Act, 2013 and the Rules prescribed is implemented through this Whistle Blower Policy to provide for adequate safeguards to the whistle blowers against victimization of persons who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee in terms of Clause 49 of the Listing Agreement with the Stock Exchanges, and Section 177 of the Companies Act, 2013.

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

#### C. Board Evaluation

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

The Nomination & Remuneration Committee (NRC) has prepared a process for evaluation of directors. The evaluation process broadly consists of peer reviews and self-evaluation.

An independent directors' meeting was held to review the following

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

#### D. Board Diversity

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

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

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

## Corporate Governance Report (contd.)

The Board of Directors of the Company shall have an optimum combination of Executive and Non-Executive Directors with at least one Woman Director and the composition of the Board shall be in accordance with requirements of the Articles of Association of the Company, the Companies Act, 2013, Listing Agreement and the statutory, regulatory obligations of the Company. The Board Diversity Policy is available on our website [www.tdps.co.in](http://www.tdps.co.in)

### E. E-Voting

In compliance of the Companies Act, 2013 and Clause 35B of the Listing Agreement the Company provides e-voting facility to its shareholders, in respect of all shareholders' resolutions, to be passed at General Meeting. The procedure / instructions for e-voting are included in the Notice of the ensuing Annual General Meeting of the Company.

### F. Non-Mandatory Requirements

The company has complied with applicable non-mandatory requirements recommended under Clause 49 of the Listing Agreement as follows

- Separate posts of Chairman and CEO - The Chairman and Managing Director/ CEO are two separate persons.
- Reporting of Internal Auditor - The Internal Auditor reports directly to the Audit Committee.
- Audit Qualifications - The Company has unqualified financial statements during the financial year 2014-15.

### G. Compliance

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

### Certificate on Corporate Governance

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

I have examined the compliance of conditions of corporate governance by TD Power Systems Limited (the Company) for the year ended on March 31, 2015, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

In my opinion and to the best of my information and according to the explanations given to me, I certify that the company has complied with all the mandatory conditions of Corporate Governance as stipulated in the Listing Agreement.

I state that no investor grievance is pending for a period exceeding one month against the company as per the records maintained by the Shareholders/Investors Grievance Committee (reconstituted pursuant to Section 178 of the Companies Act, 2013 as Stakeholders Relationship Committee).

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

Bangalore  
May 20, 2015

**Sudhir V. Hulyalkar**  
Company Secretary in Practice  
Place: Bangalore  
FCS No.: 6040, CP No.: 6137

Corporate Governance Report (contd.)

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

The Board of Directors  
**TD Power Systems Limited**  
Bangalore 562 111

This is to certify that

- a. We have reviewed Financial statements and the Cash Flow statement for the year ended 31st March 2015 and that to the best of our knowledge and belief.
  - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit Committee.
  - i. Significant changes in internal control over financial reporting during the year;
  - ii. Significant changes in Accounting Policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Bangalore  
May 20, 2015

**Nikhil Kumar**  
Managing Director

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

**Declaration pursuant to Clause 49 of the Listing Agreement regarding adherence to the Code of Business Conduct and Ethics**

To  
The Shareholders of  
**TD Power Systems Limited**  
Bangalore

On the basis of the written declarations received from members of the board and senior management personnel in terms of the relevant provisions of Clause 49 of the Listing Agreement, it is hereby certified that, for the year ended March 31, 2015, both the members of the board and the senior management personnel of the company have affirmed compliance with the respective provisions of the Code of Business Conduct and Ethics of the Company, as laid down by the board.

Bangalore  
May 20, 2015

**Nikhil Kumar**  
Managing Director

## STANDALONE FINANCIAL STATEMENTS

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

#### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of TD Power Systems Limited ("The Company") which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information, in which are incorporated the Returns for the year ended on that date audited by the branch auditors of the Company's branch at Japan.

#### Management's Responsibility for the Standalone Financial Statements

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

#### Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2015, and its profit and its cash flows for the year ended on that date.

#### Other Matter

We did not audit the financial statements of Japan branch included in the standalone financial statements of the Company whose financial statements reflect total assets of Rs. 30,34,52,773/- as at 31st March, 2015 and total revenues of Rs. 158,652,579/- for the year ended on that date, as considered in the standalone financial statements. The financial statements of the branch has



## Independent Auditors' Report (contd.)

been audited by the branch auditors whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of the branch, is based solely on the report of such branch auditors.

Our opinion is not modified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of Sub-Section(11) of Section 143 of the Act, we give in the annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by the Section 143(3) of the Act, we report that
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
  - c. The reports on the accounts of the branch offices of the Company audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.
  - d. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from the branch not visited by us.
  - e. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - f. On the basis of the written representations received from the directors as on March 31, 2015 taken on the record by the Board of Directors, none of the directors is disqualified as on that date from being appointed as a director in terms of Section 164(2) of the Act.
  - g. With respect to other matters to be included in the Auditors report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us
    - i. The Company does not have any pending litigations which would impact its financial position; - Refer Note 37(a) to the financial statements.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses – Refer Note 37(b) to the financial statements.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company. – Refer Note 37(c) to the financial statements.

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

Bangalore  
May 20, 2015

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

### ANNEXURE TO AUDITORS' REPORT

(As referred to in paragraph 1 of Report on other legal and regulatory requirements of our report to the members of TD Power Systems Limited)

1. a. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed asset.  
b. The management during the year has physically verified all the fixed assets. We have been informed by the management that no material discrepancies were observed and the programme of such verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its fixed assets.
2. a. Inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.  
b. The procedure of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
c. The Company is maintaining proper records of inventory. The discrepancies noticed on verification between physical stocks and the book records were not material.
3. The Company has not granted any loans from the companies covered in the register maintained under Section 189 of the Act, hence clause 3(iii) of the Order is not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of inventory, fixed assets and with regard to sale of goods and services. During the course of our audit, no continuing failure to correct major weakness in the internal controls has been noticed.
5. The Company has not accepted any deposits as applicable under the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other provisions of the Act and Rules framed under. Accordingly, the provisions of clause 3(v) of the said Order are not applicable.
6. To the best of our knowledge and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of Sub-Section (1) of Section 148 of the Act for the products of the company. Accordingly, the provisions of clause 3(vi) of the said Order are not applicable.
7. According to the information and explanations given to us and the records of the Company examined by us, the Company is generally regular in depositing undisputed statutory dues applicable to it with the appropriate authorities. In terms of its books of account, no undisputed statutory dues payable in respect of provident fund, employees' state insurance, income tax, wealth tax, service tax, customs duty, excise duty, value added tax, cess and any other undisputed statutory dues were outstanding, as at March 31, 2015 for a period of more than six months from the date they became payable. According to the records of the Company and according to the information and explanations given to us, there were no dues outstanding on account of income tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess on account of dispute.

As per the records maintained by the Company, there is no amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 2013 and Rules made thereunder.

8. There are no accumulated losses of the Company at March 31, 2015. The Company has not incurred any cash losses in the current year as well as in immediately preceding financial year.
9. The Company has not taken any loans from financial institutions, banks or issued debentures, hence provisions of clause 3(ix) of the Order is not applicable.
10. In our opinion, the Company had not given any guarantees for loans taken by other companies, hence provisions of Clause 3(x) of the Order is not applicable.

## Annexure to Auditors' Report (contd.)

11. No term loans were availed by the Company during the year and accordingly the provisions of clause 3(xi) of the said Order are not applicable.
12. Based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us, we report that no frauds on or by the Company during the year has been noticed or reported.

Bangalore  
May 20, 2015

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

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

INTENTIONALLY LEFT BANK

**BALANCE SHEET AS AT MARCH 31, 2015**

|   | Note | Rs.           | As at 31.03.2015<br>Rs. | Rs.           | As at 31.03.2014<br>Rs. |
|---|------|---------------|-------------------------|---------------|-------------------------|
| <b>EQUITY AND LIABILITIES</b>   |      |               |                         |               |                         |
| <b>Shareholders' Funds</b>  |      |               |                         |               |                         |
| Share Capital   | 2    | 332,375,880   |                         | 332,375,880   |                         |
| Reserves and Surplus  | 3    | 4,580,437,526 |                         | 4,531,947,827 |                         |
|   |      |               | 4,912,813,406           |               | 4,864,323,707           |
| <b>Non-current liabilities</b>  |      |               |                         |               |                         |
| Deferred tax liabilities (Net)  | 4    | 181,435,125   |                         | 150,210,029   |                         |
| Long term provisions  | 5    | 28,377,600    |                         | 21,157,850    |                         |
|   |      |               | 209,812,725             |               | 171,367,879             |
| <b>Current Liabilities</b>  |      |               |                         |               |                         |
| Short term borrowings   | 6    | 573,513,883   |                         | 597,961,754   |                         |
| Trade payables  | 7    | 1,116,787,385 |                         | 937,039,752   |                         |
| Other current liabilities   | 8    | 753,355,060   |                         | 780,815,815   |                         |
| Short term provisions   | 9    | 130,932,801   |                         | 109,289,633   |                         |
|   |      |               | 2,574,589,129           |               | 2,425,106,954           |
| <b>Total</b>  |      |               | <b>7,697,215,260</b>    |               | <b>7,460,798,540</b>    |
| <b>ASSETS</b>   |      |               |                         |               |                         |
| <b>Non-current assets</b>   |      |               |                         |               |                         |
| Fixed Assets  |      |               |                         |               |                         |
| Tangible assets   | 10   | 2,644,889,874 |                         | 2,162,982,152 |                         |
| Intangible assets   | 10   | 49,262,289    |                         | -             |                         |
| Capital work in progress  | 11   | 95,754        |                         | 540,173,604   |                         |
|   |      | 2,694,247,917 |                         | 2,703,155,756 |                         |
| Non-current investments   | 12   | 264,547,495   |                         | 264,547,495   |                         |
| Long term loans and advances  | 13   | 353,072,489   |                         | 413,451,395   |                         |
|   |      |               | 3,311,867,901           |               | 3,381,154,646           |
| <b>Current Assets</b>   |      |               |                         |               |                         |
| Inventories   | 14   | 760,208,744   |                         | 862,973,640   |                         |
| Trade receivables   | 15   | 1,140,920,145 |                         | 1,319,993,591 |                         |
| Cash and Bank Balance   | 16   | 1,920,809,307 |                         | 1,404,647,118 |                         |
| Short term loans and advances   | 17   | 563,409,163   |                         | 492,029,545   |                         |
|   |      |               | 4,385,347,359           |               | 4,079,643,894           |
| <b>Total</b>  |      |               | <b>7,697,215,260</b>    |               | <b>7,460,798,540</b>    |
| Summary of Accounting Policies, other explanatory information & Notes attached form an integral part of the Balance Sheet | 1-37 |               |                         |               |                         |

In Accordance with our Report attached

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

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

Bangalore  
May 20, 2015

For and on behalf of Board of Directors

**Mohib N. Khericha**  
Chairman

**Nikhil Kumar**  
Managing Director

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

**N. Srivatsa**  
Company Secretary

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

|  | Note | Rs.           | Year Ended<br>31.03.2015<br>Rs. | Rs.           | Year Ended<br>31.03.2014<br>Rs. |
|--|------|---------------|---------------------------------|---------------|---------------------------------|
| <b>INCOME</b>  |      |               |                                 |               |                                 |
| Revenue from Operations  | 19   |               | 4,047,651,365                   |               | 3,541,891,061                   |
| Other Income   | 20   |               | 171,854,404                     |               | 301,997,523                     |
| <b>Total Revenue</b>   |      |               | <b>4,219,505,769</b>            |               | <b>3,843,888,584</b>            |
| <b>EXPENSES</b>  |      |               |                                 |               |                                 |
| Cost of materials consumed   | 21   | 2,352,253,129 |                                 | 2,437,422,678 |                                 |
| Purchases for Project Business   |      | 308,359,626   |                                 | 186,757,188   |                                 |
| Changes in inventories of finished goods, work in progress and stock in trade  | 22   | 116,659,014   |                                 | (237,144,003) |                                 |
|  |      |               | 2,777,271,769                   |               | 2,387,035,863                   |
| Employee benefits expense  | 23   |               | 490,783,397                     |               | 448,653,090                     |
| Finance costs  | 24   |               | 37,199,505                      |               | 36,048,401                      |
| Depreciation and amortization expense  | 25   |               | 280,060,268                     |               | 145,993,822                     |
| Other expenses   | 26   |               | 404,155,332                     |               | 371,106,014                     |
| <b>Total Expenses</b>  |      |               | <b>3,989,470,271</b>            |               | <b>3,388,837,190</b>            |
| <b>Profit before tax</b>   |      |               | <b>230,035,498</b>              |               | <b>455,051,394</b>              |
| Tax expense  |      |               |                                 |               |                                 |
| Current tax ( MAT)   |      | 49,181,777    |                                 | 106,198,588   |                                 |
| Less: MAT Credit Entitlement   |      | 20,000,000    |                                 | -             |                                 |
| Net Current Tax  |      | 29,181,777    |                                 | 106,198,588   |                                 |
| Deferred tax   |      | 31,225,096    |                                 | 8,967,721     |                                 |
|  |      |               | 60,406,873                      |               | 115,166,309                     |
| <b>Profit/(Loss) for the Year</b>  |      |               | <b>169,628,625</b>              |               | <b>339,885,085</b>              |
| Earning per equity share   | 28   |               |                                 |               |                                 |
| Basic & Diluted  |      |               | 5.10                            |               | 10.23                           |
| Summary of Accounting Policies, other explanatory information & Notes attached form an integral part of the Statement of Profit & Loss | 1-37 |               |                                 |               |                                 |

In Accordance with our Report attached

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

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

Bangalore  
May 20, 2015

For and on behalf of Board of Directors

**Mohib N. Khericha**  
Chairman

**Nikhil Kumar**  
Managing Director

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

**N. Srivatsa**  
Company Secretary



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015**

|   | Rs.           | Current Year<br>Rs.  | Rs.           | Previous Year<br>Rs. |
|---|---------------|----------------------|---------------|----------------------|
| <b>A Cash flow from operating activities</b>              |               |                      |               |                      |
| <b>Net Profit before tax and extraordinary items</b>      |               | 230,035,498          |               | 455,051,394          |
| Adjustments for   |               |                      |               |                      |
| Depreciation  | 267,744,692   |                      | 145,993,821   |                      |
| Amortisation  | 12,315,576    |                      | -             |                      |
| (Profit) / Loss on sale of Fixed Asset                    | (469,677)     |                      | 1,897,581     |                      |
| Dividend Income   | (6,000)       |                      | (18,005,994)  |                      |
| Interest Income   | (123,758,740) |                      | (130,942,432) |                      |
| Interest Payments   | 37,199,505    |                      | 36,048,401    |                      |
| Provision no longer required                              | (35,717,451)  |                      | -             |                      |
| Provision for Warranty Claims                             | (1,075,010)   |                      | (4,558,664)   |                      |
| Provision for Gratuity & Leave Encashment                 | 23,393,455    | 179,626,350          | 12,510,784    | 42,943,497           |
| <b>Operating profit before Working Capital Changes</b>    |               | <b>409,661,848</b>   |               | <b>497,994,891</b>   |
| Adjustments for   |               |                      |               |                      |
| Trade Receivables   | 179,073,446   |                      | (30,745,520)  |                      |
| Other Receivables   | (105,929,961) |                      | (136,544,448) |                      |
| Inventories   | 102,764,896   |                      | (332,512,717) |                      |
| Trade Payables  | 152,286,878   | 328,195,259          | 55,679,902    | (444,122,783)        |
| <b>Cash generated from Operations</b>                     |               | <b>737,857,107</b>   |               | <b>53,872,108</b>    |
| Direct Taxes Paid   | 42,090,950    | 42,090,950           | 76,707,175    | 76,707,175           |
| <b>Net Cash Flow from Operating Activities</b>            |               | <b>695,766,157</b>   |               | <b>(22,835,067)</b>  |
| <b>B Cash flow from Investing Activities</b>              |               |                      |               |                      |
| Purchase of Fixed Assets                                  | (225,619,156) |                      | (706,220,318) |                      |
| Purchase of Investments                                   | -             |                      | (54,858,000)  |                      |
| Sale of Fixed Asset / Purchase of Investments             | 10,478,331    |                      | 7,680,759     |                      |
| Dividend Received   | 6,000         |                      | 18,005,994    |                      |
| Interest Received   | 123,758,740   |                      | 130,942,432   |                      |
| <b>Net Cash used in investing activities</b>              |               | <b>(91,376,085)</b>  |               | <b>(604,449,133)</b> |
| <b>C Cash flow from financing activities</b>              |               |                      |               |                      |
| Refund on Income Tax                                      | 62,858,020    |                      | -             |                      |
| Unsecured Loans & Deposits                                | -             |                      | (186,028)     |                      |
| Working Capital borrowings                                | (24,447,871)  |                      | 328,029,354   |                      |
| Interest Paid   | (37,199,505)  |                      | (36,048,401)  |                      |
| Dividend and Tax on Dividend paid                         | (89,438,527)  |                      | (74,694,500)  |                      |
| <b>Net Cash flow from financing activities</b>            |               | <b>(88,227,883)</b>  |               | <b>217,100,425</b>   |
| <b>Net increase/decrease in cash and cash equivalents</b> |               | <b>516,162,189</b>   |               | <b>(410,183,775)</b> |
| <b>Cash and cash equivalents at the beginning</b>         |               | 1,404,647,118        |               | 1,814,830,893        |
| <b>Cash and cash equivalents at close</b>                 |               | <b>1,920,809,307</b> |               | <b>1,404,647,118</b> |
| Actual Closing Cash Balance                               |               | 1,920,809,307        |               | 1,404,647,118        |
| <b>Cash and cash equivalents at Close</b>                 |               | <b>1,920,809,307</b> |               | <b>1,404,647,118</b> |

**Note**

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

In Accordance with our Report attached

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

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

Bangalore  
May 20, 2015

For and on behalf of Board of Directors

**Mohib N. Khericha**  
Chairman

**Nikhil Kumar**  
Managing Director

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

**N. Srivatsa**  
Company Secretary

## SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2015

### 1 Significant Accounting Policies

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

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

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

#### 1.1 Basis of Preparation of Financial Statements

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

#### 1.2 Fixed Assets

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

#### 1.3 Inventories

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

#### 1.4 Depreciation

Consequent to the enactment of the Companies Act, 2013 (the Act) and its applicability for Accounting period commencing after 1 April 2014, the Company has re-worked Depreciation with reference to the estimated useful lives of the fixed assets prescribed by Schedule II to the Act or actual useful life of Asset, whichever is lower. In case of any Asset whose life has completed as above, the carrying value, as at 01st April 2014 has been adjusted to the Retained Earnings to the tune of Rs. 1.52 Crores and in other cases the carrying value has been depreciated over the remaining of the revised life of the Assets and recognised in the statement of Profit and Loss. As a result the change for depreciation is higher by Rs. 7.63 Crores for the year ended 31st March, 2015

#### 1.5 Revenue Recognition

Sale of manufactured goods is recognized on shipment to customers, and exclusive of excise duty and sales tax.

Sale of goods in case of project business is recognised on shipment to customers.

Erection and commissioning income is recognised as and when the services are performed/completed.

Interest income is recognised based on time proportion basis.

Dividend income is recognised when the right to receive the dividend is established.

#### 1.6 Foreign currency transactions

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

b. Monetary foreign currency assets and liabilities outstanding at the end of the year are restated at the exchange rates prevailing on the reporting date. All exchange differences are accounted for in the Statement of Profit and Loss.

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

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

#### 1.7 Taxes on Income

Provision for tax is made in terms of Accounting Standard 22 for both current and deferred tax. Provision for current

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

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

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

#### 1.8 Borrowing Cost

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

#### 1.9 Contingent Liabilities

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

#### 1.10 Employees Benefits

Long Term Employee Benefits

##### a. Defined Contribution Plans

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

##### b. Defined Benefit Plans

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

#### 1.11 Impairment of Assets

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

#### 1.12 Accounting for Lease

##### i. Operating Lease

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

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

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

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

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

#### 1.14 Investment

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

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

### 1.15 Research & Development

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

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

## Notes on Financial Statement for the year ended March 31, 2015

### 2. SHARE CAPITAL

#### Authorized

Equity shares of Rs.10/- each

|   | As at 31.03.2015 |                    | As at 31.03.2014 |                    |
|---|------------------|--------------------|------------------|--------------------|
|   | Number           | Rs.                | Number           | Rs.                |
| Equity shares of Rs.10/- each                 | 35,000,000       | 350,000,000        | 35,000,000       | 350,000,000        |
|   |                  | <u>350,000,000</u> |                  | <u>350,000,000</u> |
| <b>Issued, subscribed and fully paid up</b>   |                  |                    |                  |                    |
| Equity shares of Rs.10/- each - fully paid up |                  |                    |                  |                    |
| At the beginning of the year                  | 33,237,588       | 332,375,880        | 33,237,588       | 332,375,880        |
| Issued during the year                        | -                | -                  | -                | -                  |
| At the close of the year                      | 33,237,588       | <b>332,375,880</b> | 33,237,588       | <b>332,375,880</b> |

#### Other Information

I The Company has only one class of equity shares having par value of Rs. 10/- each. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees.

For the period ended 31 March 2015 (31 March 2014, Rs. 2.30), a dividend per share of Rs. 2.645 has been provided for payment to shareholders subject to approval at the Annual General Meeting of the Company.

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

#### II Equity shares include

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

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

|   | As at 31.03.2015 |               | As at 31.03.2014 |               |
|---|------------------|---------------|------------------|---------------|
|   | Percentage       | No. of shares | Percentage       | No. of shares |
| Saphire Finman Services Private Limited | 15.12%           | 5,026,433     | 18.13%           | 6,026,433     |
| Nikhil Kumar                            | 13.96%           | 4,638,664     | 15.46%           | 5,138,664     |
| Hitoshi Matsuo                          | 9.73%            | 3,235,254     | 12.74%           | 4,235,254     |
| Sofia M. Khericha                       | 6.27%            | 2,084,100     | 6.27%            | 2,084,100     |
| Mohib N. Khericha                       | 5.56%            | 1,846,860     | 5.56%            | 1,846,860     |

Notes on Financial Statement for the year ended March 31, 2015 (contd.)

|  | As at 31.03.2015<br>Rs. | As at 31.03.2014<br>Rs. |
|--|-------------------------|-------------------------|
| <b>3. RESERVES AND SURPLUS</b>                                 |                         |                         |
| <b>Securities Premium</b>                                      |                         |                         |
| As at the beginning of the year                                | 2,207,588,239           | 2,207,588,239           |
| As at the end of the year <b>(A)</b>                           | 2,207,588,239           | 2,207,588,239           |
| <b>General Reserve</b>   |                         |                         |
| As at the beginning of the year                                | 261,601,186             | 226,715,906             |
| Add  |                         |                         |
| Transferred from Statement of Profit and Loss                  | 20,085,372              | 34,885,280              |
| As at the end of the year <b>(B)</b>                           | 281,686,558             | 261,601,186             |
| <b>Surplus i.e. balance in Statement of Profit &amp; Loss</b>  |                         |                         |
| As at the beginning of the year                                | 2,062,758,402           | 1,847,197,126           |
| Add  |                         |                         |
| Transferred from Statement of Profit and Loss                  | 169,628,625             | 339,885,083             |
| Less   |                         |                         |
| Depreciation on Opening Balance                                | 15,225,523              | -                       |
| Transferred to General Reserve                                 | 20,085,372              | 34,885,280              |
| Proposed dividend  | 87,913,420              | 76,446,452              |
| Provision towards dividend distribution tax                    | 17,999,983              | 12,992,075              |
| As at the end of the year <b>(C)</b>                           | 2,091,162,729           | 2,062,758,402           |
| <b>Total (A to C)</b>  | <b>4,580,437,526</b>    | <b>4,531,947,827</b>    |
| <b>4. DEFERRED TAX LIABILITY</b>                               |                         |                         |
| <b>Deferred tax liability</b>                                  |                         |                         |
| On account of depreciation on fixed assets                     | 192,754,645             | 158,463,586             |
| <b>Deferred tax asset</b>                                      |                         |                         |
| On account of timing differences in recognition of expenditure | 11,319,520              | 8,253,557               |
| <b>Net Deferred tax liability/(asset)</b>                      | <b>181,435,125</b>      | <b>150,210,029</b>      |
| <b>5. LONG TERM PROVISIONS</b>                                 |                         |                         |
| Provisions for employee benefits - Leave Encashment            | 28,377,600              | 21,157,850              |
| <b>Total</b>   | <b>28,377,600</b>       | <b>21,157,850</b>       |
| <b>6. SHORT TERM BORROWINGS</b>                                |                         |                         |
| <b>Secured Loans</b>   |                         |                         |
| Loans repayable on demand - from banks                         | 573,513,883             | 597,961,754             |
| <b>Total</b>   | <b>573,513,883</b>      | <b>597,961,754</b>      |



## Notes on Financial Statement for the year ended March 31, 2015 (contd.)

|   | As at 31.03.2015     | As at 31.03.2014   |
|---|----------------------|--------------------|
|   | Rs.                  | Rs.                |
| <b>Short Term Borrowings (contd.)</b>   |                      |                    |
| <b>Additional Information</b>   |                      |                    |
| Details of security for secured loans   |                      |                    |
| Balance of Working Capital Loan from<br>M/s. Bank of Baroda as on 31st March – Secured by Hypothecation of Raw<br>Materials, Goods-in-process, Finished Goods and Book Debts and a charge on<br>Fixed assets of the Company.    | 573,513,883          | 597,961,754        |
| Loans repayable on demand   |                      |                    |
| Terms of repayment of secured loans - from banks  | 573,513,883          | 597,961,754        |
| Interest at 2% over base rate (floating)  |                      |                    |
| <b>7. TRADE PAYABLES</b>  |                      |                    |
| To Micro, Small and Medium Enterprises  | 8,058,479            | 30,281,723         |
| Others  | 1,108,728,906        | 906,758,029        |
| <b>Total</b>  | <b>1,116,787,385</b> | <b>937,039,752</b> |
| <b>Additional Information</b>   |                      |                    |
| The details of amounts outstanding to Micro, Small and Medium<br>Enterprises under Micro Small and Medium Enterprises Development<br>Act, 2006 (MSMED Act), based on the available information with the<br>Company are as under |                      |                    |
| 1. Principal amount due and remaining unpaid  | 8,058,479            | 30,281,723         |
| 2. Interest due on (1) above and the unpaid interest  | -                    | 665,041            |
| 3. Interest paid on all delayed payments under the MSMED Act  | -                    | -                  |
| 4. Payment made beyond the appointed day during the year  | 72,096,756           | 66,548,293         |
| 5. Interest due and payable for the period of delay other than (3) above  | 3,590,341            | 2,738,368          |
| 6. Interest accrued and remaining unpaid  | 3,590,341            | 3,403,409          |
| 7. Amount of further interest remaining due and payable in succeeding years   | 22,193,426           | 18,603,085         |
| <b>8. OTHER CURRENT LIABILITIES</b>   |                      |                    |
| Unclaimed Dividends   | 8,226                | 19,032             |
| Outstanding Liabilities   | 230,506,382          | 437,414,082        |
| Duties and taxes payable  | 20,403,108           | 6,475,832          |
| Trade advance received from customers   | 470,985,040          | 314,100,198        |
| Earnest Money Deposit   | 215,000              | 215,000            |
| Other liabilities   | 31,237,304           | 22,591,671         |
| <b>Total</b>  | <b>753,355,060</b>   | <b>780,815,815</b> |

**Notes on Financial Statement for the year ended March 31, 2015 (contd.)**

**9. SHORT TERM PROVISIONS**

Provision for warranties  
 Provisions for employee benefits - Leave Encashment  
 Proposed dividend (including dividend distribution tax)  
**Total**

| As at 31.03.2015   | As at 31.03.2014   |
|--------------------|--------------------|
| Rs.                | Rs.                |
| 20,094,498         | 16,726,646         |
| 4,924,900          | 3,124,460          |
| 105,913,403        | 89,438,527         |
| <b>130,932,801</b> | <b>109,289,633</b> |

**10. FIXED ASSETS**

(Amt in Rs.)

| Particulars              | Gross Block (At Cost)   |                           |                            |                      | Depreciation       |                    |                            |                    | Net Block            |                      |
|--------------------------|---|---------------------------|----------------------------|----------------------|--------------------|--------------------|----------------------------|--------------------|----------------------|----------------------|
|                          | As at 01.04.2014  | Additions during the year | Deductions during the year | As at 31.03.2015     | As at 01.04.2014   | For the year       | Deductions during the year | As at 31.03.2015   | As at 31.03.2015     | As at 31.03.2014     |
| <b>Tangible Assets</b>   |   |                           |                            |                      |                    |                    |                            |                    |                      |                      |
| Free Hold Land           | 249,262,167   | 15,187,225                | -                          | 264,449,392          | -                  | -                  | -                          | -                  | 264,449,392          | 249,262,167          |
| Lease Hold Land          | -   | -                         | -                          | -                    | -                  | -                  | -                          | -                  | -                    | -                    |
| Buildings                | 802,840,018   | 303,965,966               | -                          | 1,106,805,984        | 80,542,069         | 44,690,766         | -                          | 125,232,835        | 981,573,149          | 722,297,949          |
| Plant & Machinery (*)    | 1,384,438,035   | 432,027,361               | -                          | 1,816,465,396        | 415,276,907        | 194,105,758        | -                          | 609,382,665        | 1,207,082,731        | 969,161,128          |
| Office Equipments        | 27,225,797  | 3,125,116                 | 1,230,020                  | 29,120,893           | 4,536,932          | 10,257,131         | 1,168,517                  | 13,625,546         | 15,495,347           | 22,688,865           |
| Furniture & Fixtures     | 32,809,677  | 3,052,216                 | 158,359                    | 35,703,535           | 10,455,580         | 4,186,530          | 142,542                    | 14,499,568         | 21,203,967           | 22,354,097           |
| Computers                | 45,285,391  | 5,249,527                 | 1,390,157                  | 49,144,761           | 32,307,286         | 7,240,835          | 1,388,784                  | 38,159,338         | 10,985,423           | 12,978,104           |
| Communication Equipments | 1,936,912   | 48,396                    | -                          | 1,985,308            | 847,354            | 793,062            | -                          | 1,640,416          | 344,892              | 1,089,558            |
| Motor Vehicles           | 44,280,416  | 3,041,199                 | 7,230,119                  | 40,091,496           | 20,252,749         | 5,770,733          | 6,489,743                  | 19,533,739         | 20,557,757           | 24,027,667           |
| <b>Total</b>             | <b>2,588,078,413</b>  | <b>765,697,006</b>        | <b>10,008,655</b>          | <b>3,343,766,765</b> | <b>564,218,877</b> | <b>267,044,814</b> | <b>9,189,586</b>           | <b>822,074,106</b> | <b>2,521,692,659</b> | <b>2,023,859,536</b> |
| <b>Previous Year</b>     | <b>2,267,962,454</b>  | <b>327,796,718</b>        | <b>7,680,759</b>           | <b>2,588,078,413</b> | <b>434,902,863</b> | <b>134,115,020</b> | <b>4,799,006</b>           | <b>564,218,877</b> | <b>2,023,859,536</b> |                      |
| <b>Note</b>              | (*) Accumulated depreciation as on 01st April 2004 under Owned Assets includes accumulated depreciation of leased asset also. |                           |                            |                      |                    |                    |                            |                    |                      |                      |

**FIXED ASSETS - RESEARCH & DEVELOPMENT**

(Amt in Rs.)

| Particulars            | Gross Block (At Cost) |                           |                            |                    | Depreciation      |                   |                            |                   | Net Block          |                    |
|------------------------|-----------------------|---------------------------|----------------------------|--------------------|-------------------|-------------------|----------------------------|-------------------|--------------------|--------------------|
|                        | As at 01.04.2014      | Additions during the year | Deductions during the year | As at 31.03.2015   | As at 01.04.2014  | For the year      | Deductions during the year | As at 31.03.2015  | As at 31.03.2015   | As at 31.03.2014   |
| <b>Tangible Assets</b> |                       |                           |                            |                    |                   |                   |                            |                   |                    |                    |
| Plant & Machinery      | 160,091,717           | -                         | -                          | 160,091,717        | 20,969,101        | 15,925,401        | -                          | 36,894,502        | 123,197,215        | 139,122,616        |
| <b>Total</b>           | <b>160,091,717</b>    | <b>-</b>                  | <b>-</b>                   | <b>160,091,717</b> | <b>20,969,101</b> | <b>15,925,401</b> | <b>-</b>                   | <b>36,894,502</b> | <b>123,197,215</b> | <b>139,122,616</b> |
| <b>Previous Year</b>   | <b>160,091,717</b>    | <b>-</b>                  | <b>-</b>                   | <b>160,091,717</b> | <b>9,090,300</b>  | <b>11,878,801</b> | <b>-</b>                   | <b>20,969,101</b> | <b>139,122,616</b> |                    |

**FIXED ASSETS - TECHNICAL KNOW - HOW**

(Amt in Rs.)

| Particulars              | Gross Block (At Cost) |                           |                            |                   | Amortisation     |                   |                            |                   | Net Block         |                  |
|--------------------------|-----------------------|---------------------------|----------------------------|-------------------|------------------|-------------------|----------------------------|-------------------|-------------------|------------------|
|                          | As at 01.04.2014      | Additions during the year | Deductions during the year | As at 31.03.2015  | As at 01.04.2014 | For the year      | Deductions during the year | As at 31.03.2015  | As at 31.03.2015  | As at 31.03.2014 |
| <b>Intangible Assets</b> |                       |                           |                            |                   |                  |                   |                            |                   |                   |                  |
| Technical Know-how       | -                     | 61,577,865                | -                          | 61,577,865        | -                | 12,315,576        | -                          | 12,315,576        | 49,262,289        | -                |
| <b>Total</b>             | <b>-</b>              | <b>61,577,865</b>         | <b>-</b>                   | <b>61,577,865</b> | <b>-</b>         | <b>12,315,576</b> | <b>-</b>                   | <b>12,315,576</b> | <b>49,262,289</b> | <b>-</b>         |
| <b>Previous Year</b>     | <b>-</b>              | <b>-</b>                  | <b>-</b>                   | <b>-</b>          | <b>-</b>         | <b>-</b>          | <b>-</b>                   | <b>-</b>          | <b>-</b>          | <b>-</b>         |

## Notes on Financial Statement for the year ended March 31, 2015 (contd.)

|                                     | As at 31.03.2015 | As at 31.03.2014   |
|-------------------------------------|------------------|--------------------|
|                                     | Rs.              | Rs.                |
| <b>11. CAPITAL WORK-IN-PROGRESS</b> |                  |                    |
| Plant and Machinery                 | -                | 349,650,113        |
| Building under Construction         | 32,754           | 128,416,426        |
| Land                                | 63,000           | 529,200            |
| <b>Total</b>                        | <b>95,754</b>    | <b>478,595,739</b> |
| Intangible assets under development |                  |                    |
| Technical Know-how                  | -                | 61,577,865         |
| <b>Total</b>                        | <b>95,754</b>    | <b>540,173,604</b> |

**12. NON CURRENT INVESTMENTS**

| Details of Investments                          | Name of the Company                               | No. of Shares | Face Value | Currency | As at 31.03.2015   | As at 31.03.2014   |
|---|---|---------------|------------|----------|--------------------|--------------------|
|   |   |               |            |          | Rs.                | Rs.                |
| <b>Trade Investments (Unquoted)</b>             |   |               |            |          |                    |                    |
| Investments in Equity Instruments               |   |               |            |          |                    |                    |
| Subsidiaries                                    |   |               |            |          |                    |                    |
| Fully paid up                                   | DF Power Systems Private Limited                  | 5,999,998     | 10         | INR      | 204,075,000        | 204,075,000        |
| Fully Paid up                                   | TD Power Systems (USA) Inc.                       | 80,100        | 10         | USD      | 48,178,495         | 48,178,495         |
| Fully Paid up                                   | TD Power Systems Japan Limited                    | 2,000         | 10,000     | JPY      | 12,244,000         | 12,244,000         |
| <b>Non - Trade Investments (Un quoted)</b>      |   |               |            |          |                    |                    |
| Investments in Equity Instruments               |   |               |            |          |                    |                    |
| Others  |   |               |            |          |                    |                    |
| Fully paid up                                   | M/s. The Shamrao Vithal Co-operative Bank Limited | 2,000         | 25         | INR      | 50,000             | 50,000             |
| <b>Total</b>                                    |   |               |            |          | <b>264,547,495</b> | <b>264,547,495</b> |
| <b>Additional Information</b>                   |   |               |            |          |                    |                    |
| Aggregate value of unquoted investments at Cost |   |               |            |          | <b>264,547,495</b> | <b>264,547,495</b> |

**13. LONG TERM LOANS AND ADVANCES**

|  |                    |                    |
|--|--------------------|--------------------|
| Capital advances                           | 160,720,665        | 252,141,000        |
| Security Deposit                           | 24,847,220         | 7,882,500          |
| Loans and advances to related parties      | 41,770,000         | -                  |
| MAT Credit Entitlement                     | 20,000,000         | -                  |
| Advance payment of Tax (net of Provisions) | 105,734,604        | 153,427,895        |
| <b>Total</b>                               | <b>353,072,489</b> | <b>413,451,395</b> |
| <b>Additional information</b>              |                    |                    |
| Breakup of above                           |                    |                    |
| Unsecured, considered good                 | 353,072,489        | 413,451,395        |
| <b>Total</b>                               | <b>353,072,489</b> | <b>413,451,395</b> |

Notes on Financial Statement for the year ended March 31, 2015 (contd.)

|  | As at 31.03.2015     | As at 31.03.2014     |
|--|----------------------|----------------------|
|  | Rs.                  | Rs.                  |
| <b>14. INVENTORIES</b>   |                      |                      |
| Raw materials  | 343,757,722          | 340,478,080          |
| Work in progress   | 368,985,660          | 502,714,353          |
| Finished goods   | 35,019,368           | 17,949,689           |
| Stock in trade   | 4,702,681            | 357,689              |
| Goods in transit: Raw materials                                    | 7,743,313            | 1,473,829            |
| <b>Total</b>   | <b>760,208,744</b>   | <b>862,973,640</b>   |
| <b>15. TRADE RECEIVABLES</b>                                       |                      |                      |
| Trade receivables exceeding six months                             | 107,354,656          | 142,867,402          |
| Others   | 1,033,565,489        | 1,177,126,189        |
| <b>Total</b>   | <b>1,140,920,145</b> | <b>1,319,993,591</b> |
| <b>Additional information</b>                                      |                      |                      |
| Breakup of above   |                      |                      |
| Secured, considered good   | 345,683,031          | 264,919,929          |
| Unsecured, considered good   | 795,237,114          | 1,055,073,662        |
| <b>Total</b>   | <b>1,140,920,145</b> | <b>1,319,993,591</b> |
| <b>16. CASH AND BANK BALANCES</b>                                  |                      |                      |
| <b>Cash and cash equivalents</b>                                   |                      |                      |
| Balances with banks  |                      |                      |
| on current accounts  | 288,691,813          | 146,099,216          |
| in deposit accounts less than 3 months maturity                    | 10,000,000           | 270,000,000          |
| Cash on hand   | 439,255              | 373,402              |
| <b>Other bank balances</b>   |                      |                      |
| Balances with banks  |                      |                      |
| in margin money  | 71,500,000           | 71,500,000           |
| in deposit accounts exceeding 12 months maturity                   | 250,000,000          | -                    |
| in deposit accounts exceeding 3 months but not exceeding 12 months | 1,300,178,239        | 916,674,500          |
| <b>Total</b>   | <b>1,920,809,307</b> | <b>1,404,647,118</b> |
| <b>17. SHORT TERM LOANS AND ADVANCES</b>                           |                      |                      |
| Rent Deposit   | 1,375,225            | 2,111,755            |
| Balance with Statutory/ Govt authorities                           | 347,229,152          | 374,920,724          |
| Prepaid Expenses   | 12,879,223           | 9,623,777            |
| Trade Advance  | 163,872,025          | 58,813,307           |
| Interest accrued on term deposits                                  | 33,714,803           | 25,670,651           |
| Others   | 4,338,735            | 20,889,331           |
| <b>Total</b>   | <b>563,409,163</b>   | <b>492,029,545</b>   |
| <b>Additional information</b>                                      |                      |                      |
| Breakup of above   |                      |                      |
| Unsecured, considered good   | 563,409,163          | 492,029,545          |
| <b>Total</b>   | <b>563,409,163</b>   | <b>492,029,545</b>   |

## Notes on Financial Statement for the year ended March 31, 2015 (contd.)

**18. CONTINGENT LIABILITIES AND COMMITMENTS**

(to the extent not provided for)

**Contingent Liabilities**

Claims against the Company not acknowledged as debts

Guarantees

Letters of credit

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

**Commitments**

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

Corporate Guarantee issued to the bankers of the subsidiary company (DFPS)

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

Outstanding Bills discounted under Letter of Credit

|  | As at 31.03.2015 | As at 31.03.2014 |
|--|------------------|------------------|
|  | Rs.              | Rs.              |
|  | -                | -                |
|  | 592,944,983      | 715,518,533      |
|  | 279,059,745      | 175,303,155      |
|  | 89,393,155       | 93,300,798       |
|  | 1,420,000,000    | 5,540,000,000    |
|  | 17,506,701       | 182,270,682      |
|  | -                | -                |

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

The Company has obtained EPCG licence No. 073001256 dt. 10.07.2013 to the extent of Rs. 6.95 Crores for importation of capital goods without payment of custom duties. Under the licence the company will have to fulfill the export obligation of Rs. 41.71 Crores.

The Company has obtained EPCG licence No. 0730014370 dt.31.03.2015 to the extent of Rs. 1.92 Crores for importation of capital goods without payment of custom duties. Under the licence the company will have to fulfill the export obligation of Rs. 11.574 Crores.

**19. REVENUE FROM OPERATIONS****Sale of Goods**

AC Generators

AC Motors

AC Generator Spares

Power Project Business Inland

Power Project Business Overseas Branch

**Total****Sale of services****Other operating revenues****Total**

Less

Intersegmental sales

Excise duty

**Total**

|  | Year Ended<br>31.03.2015 | Year Ended<br>31.03.2014 |
|--|--------------------------|--------------------------|
|  | Rs.                      | Rs.                      |
|  | 3,461,167,032            | 3,172,486,377            |
|  | -                        | -                        |
|  | 298,859,700              | 299,045,411              |
|  | 235,848,797              | 98,245,646               |
|  | 158,652,578              | 313,028,356              |
|  | <b>4,154,528,107</b>     | <b>3,882,805,790</b>     |
|  | 137,448,710              | 75,451,729               |
|  | 51,421,455               | 43,874,041               |
|  | <b>4,343,398,272</b>     | <b>4,002,131,560</b>     |
|  |                          |                          |
|  | 78,404,308               | 174,979,478              |
|  | 217,342,599              | 285,261,021              |
|  | <b>4,047,651,365</b>     | <b>3,541,891,061</b>     |

Notes on Financial Statement for the year ended March 31, 2015 (contd.)

|   | Year Ended<br>31.03.2015<br>Rs. | Year Ended<br>31.03.2014<br>Rs. |
|---|---------------------------------|---------------------------------|
| <b>20. OTHER INCOME</b>   |                                 |                                 |
| Interest income on Bank Deposits  | 123,758,740                     | 130,942,432                     |
| Dividend Income: Long term investments  | 6,000                           | 18,005,994                      |
| Profit on sale of fixed assets (Net)  | 469,677                         | -                               |
| Provision no longer required withdrawn  | 35,717,451                      | -                               |
| Rental Income   | 9,010,749                       | 8,580,990                       |
| Other non operating income (Net of expenses directly attributable to such income) | 2,891,787                       | 144,468,107                     |
| <b>Total</b>  | <b>171,854,404</b>              | <b>301,997,523</b>              |
| <b>21. COST OF MATERIALS CONSUMED</b>   |                                 |                                 |
| Consumption of raw materials  | 2,314,196,709                   | 2,412,981,328                   |
| Consumption of stores and spare parts   | 38,056,420                      | 24,441,350                      |
| <b>Total</b>  | <b>2,352,253,129</b>            | <b>2,437,422,678</b>            |
| Consumption of major raw materials  |                                 |                                 |
| Copper (wires, strips, rods, sheet etc.)  | 400,749,595                     | 405,341,078                     |
| Steel / Laminations   | 370,655,308                     | 324,523,011                     |
| Shaft Forgings  | 133,360,485                     | 132,239,080                     |
| Others  | 1,409,431,321                   | 1,550,878,159                   |
| <b>Total</b>  | <b>2,314,196,709</b>            | <b>2,412,981,328</b>            |
| <b>Purchases for Projects Business</b>  | <b>308,359,626</b>              | <b>186,757,188</b>              |
| <b>22. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS</b>             |                                 |                                 |
| Stocks at the end of the year   |                                 |                                 |
| Work in progress: A C Generators  | 368,985,660                     | 502,714,353                     |
| Finished goods: A C Generators  | 35,019,368                      | 17,949,689                      |
|   | <b>404,005,028</b>              | <b>520,664,042</b>              |
| Less: Stocks at the beginning of the year   |                                 |                                 |
| Work in progress: A C Generators  | 502,714,353                     | 269,820,563                     |
| Finished goods: A C Generators  | 17,949,689                      | 13,699,476                      |
|   | <b>520,664,042</b>              | <b>283,520,039</b>              |
| <b>Net (Increase) / Decrease in Stock</b>   | <b>116,659,014</b>              | <b>(237,144,003)</b>            |
| <b>23. EMPLOYEE BENEFIT EXPENSES</b>  |                                 |                                 |
| Salaries and wages  | 336,594,296                     | 314,614,035                     |
| Contribution to provident and other funds   | 39,808,676                      | 26,891,303                      |
| Remuneration to whole time directors including contributions                      | 20,966,900                      | 33,842,570                      |
| Staff welfare expenses  | 93,413,525                      | 73,305,182                      |
| <b>Total</b>  | <b>490,783,397</b>              | <b>448,653,090</b>              |



## Notes on Financial Statement for the year ended March 31, 2015 (contd.)

|  | Year Ended<br>31.03.2015<br>Rs. | Year Ended<br>31.03.2014<br>Rs. |
|--|---------------------------------|---------------------------------|
| <b>24. FINANCE COSTS</b>                                     |                                 |                                 |
| Interest expense   | 37,199,505                      | 36,048,401                      |
| <b>Total</b>   | <b>37,199,505</b>               | <b>36,048,401</b>               |
| <b>25. DEPRECIATION AND AMORTIZATION</b>                     |                                 |                                 |
| Depreciation   | 267,744,692                     | 145,993,822                     |
| Amortization of intangible assets                            | 12,315,576                      | -                               |
| <b>Total</b>   | <b>280,060,268</b>              | <b>145,993,822</b>              |
| <b>26. OTHER EXPENSES</b>                                    |                                 |                                 |
| Power and fuel   | 60,735,033                      | 65,987,383                      |
| Rent   | 13,986,741                      | 15,337,415                      |
| Repairs and maintenance                                      |                                 |                                 |
| Buildings  | 12,784,830                      | 6,158,941                       |
| Machinery  | 21,262,332                      | 12,790,472                      |
| Others   | 10,525,111                      | 8,363,847                       |
| Insurance  | 12,136,836                      | 10,640,564                      |
| Rates and taxes  | 1,088,184                       | 1,380,302                       |
| Payment to the auditors                                      |                                 |                                 |
| as auditor   | 1,690,000                       | 1,425,000                       |
| for taxation matters   | 615,000                         | 475,000                         |
| for other services   | 522,444                         | 237,617                         |
| Selling expenses   | 60,318,928                      | 46,110,431                      |
| Loss on sale of fixed asset (net)                            | -                               | 1,897,581                       |
| Donations  | 763,991                         | 754,000                         |
| Legal and professional charges                               | 41,336,217                      | 33,264,880                      |
| Directors sitting fees                                       | 720,000                         | 720,000                         |
| Travelling and Conveyance                                    | 91,154,516                      | 99,838,196                      |
| Bank Charges   | 14,197,009                      | 13,783,377                      |
| Foreign Exchange Fluctuation                                 | -                               | -                               |
| Postage, Telegrams and Telephones                            | 6,997,194                       | 8,684,311                       |
| Royalty  | 6,422,197                       | 1,582,808                       |
| Software Expenses on ERP                                     | 16,964,156                      | 16,372,685                      |
| Manufacturing Expenses                                       | 14,425,453                      | 11,066,256                      |
| Vehicle Maintenance  | 5,864,613                       | 4,751,894                       |
| Advertisement  | 2,282,469                       | 2,965,817                       |
| Printing & Stationary  | 6,142,733                       | 5,197,137                       |
| Subscription to Technical Associations, Journals & Magazines | 1,219,345                       | 1,320,102                       |
| <b>Total</b>   | <b>404,155,332</b>              | <b>371,106,014</b>              |

Notes on Financial Statement for the year ended March 31, 2015 (contd.)

|  | <b>Year Ended<br/>31.03.2015<br/>Rs.</b> | <b>Year Ended<br/>31.03.2014<br/>Rs.</b> |                      |                   |
|--|--|--|----------------------|-------------------|
| <b>27. ADDITIONAL INFORMATION</b>  |  |  |                      |                   |
| Value of Imports calculated on CIF basis   |  |  |                      |                   |
| Raw Materials  | 490,417,866                              | 605,053,755                              |                      |                   |
| Capital goods  | 13,690,613                               | 274,530,378                              |                      |                   |
| Expenditure in foreign currency excluding expenditure at branch office: (net of withholding tax)   |  |  |                      |                   |
| Others   | 86,690,848                               | 26,650,351                               |                      |                   |
| Capital Equipment Purchased  | 31,544,012                               | 136,454,137                              |                      |                   |
|  | <b>Amount (Rs.)</b>                      | <b>% to total</b>                        | <b>Amount (Rs.)</b>  | <b>% to total</b> |
| Value of imported raw materials, spare parts and components consumed   | 492,684,179                              | 19.96%                                   | 381,261,870          | 17.33%            |
| Value of indigenous raw materials, spare parts and components consumed   | 1,976,227,964                            | 80.04%                                   | 1,819,016,805        | 82.67%            |
| <b>Total</b>   | <b>2,468,912,143</b>                     | <b>100.00%</b>                           | <b>2,200,278,675</b> | <b>100.00 %</b>   |
| <b>Details of non-resident shareholdings</b>   |  |  |                      |                   |
| Number of non-resident shareholders  | 65                                       |  | 39                   |                   |
| Number of shares held by non-resident shareholders   | 8,183,185                                |  | 12,078,065           |                   |
| <b>Earnings in foreign exchange</b>  |  |  |                      |                   |
| Export of goods calculated on FOB basis  | 1,440,949,582                            |  | 1,301,063,308        |                   |
| Royalty, Know-how, professional and consultancy fees   | 8,561,260                                |  | -                    |                   |
| Other Income   | 1,054,622                                |  | -                    |                   |
| <b>28. EARNINGS PER SHARE</b>  |  |  |                      |                   |
| Profit for the year after tax expense  | 169,628,625                              |  | 339,885,085          |                   |
| Weighted average number of equity shares   | 33,237,588                               |  | 33,237,588           |                   |
| <b>Earning per share</b>   | <b>5.10</b>                              |  | <b>10.23</b>         |                   |
| <b>29. DISCLOSURES AS PER ACCOUNTING STANDARD 15 "EMPLOYEE BENEFITS"</b>   |  |  |                      |                   |
| <b>Defined Contribution Plan</b>   |  |  |                      |                   |
| Employer's Contribution to Provident Fund & Pension Scheme   | 17,705,221                               |  | 17,231,719           |                   |
| <b>Defined Benefit Plan</b>  |  |  |                      |                   |
| The employees' gratuity fund scheme managed by a trust is a defined benefit plan. The Present value of obligation is determined based on actuarial valuation using the projected unit credit method. |  |  |                      |                   |

Notes on Financial Statement for the year ended March 31, 2015 (contd.)

|  | Current Year<br>(Rs.)   |  | Previous Year<br>(Rs.)  |   |
|--|-------------------------|--|-------------------------|---|
|  | Gratuity<br>(Funded)    | Leave<br>(Unfunded)  | Gratuity<br>(Funded)    | Leave<br>(Unfunded)   |
| <b>Disclosures as per Accounting Standard 15<br/>"Employee Benefits" (contd.)</b>  |                         |  |                         |   |
| <b>Defined Benefit obligation at beginning of the reporting period</b>   | 28,144,735              | 24,282,310   | 21,830,874              | 21,362,280  |
| Current Service Cost   | 3,981,570               | 6,928,440  | 3,184,991               | 6,613,430   |
| Interest Cost  | 2,251,579               | 2,246,110  | 1,746,470               | 1,751,710   |
| Acquisition adjustment   | -                       | -  | -                       | -   |
| Actuarial (gain)/ loss   | 1,195,599               | (154,360)  | 3,182,797               | (5,445,110)   |
| Benefits Paid  | (1,922,471)             | -  | (1,800,397)             | -   |
| Defined Benefit obligation at end of the reporting period  | 33,651,012              | 33,302,500   | 28,144,735              | 24,282,310  |
| <i>Obligations at end of the period - Current</i>  | 3,981,570               | 4,924,900  | 3,184,991               | 3,124,460   |
| <i>Obligations at end of the period - Non -Current</i>   | 29,669,442              | 28,377,600   | 24,959,744              | 21,157,850  |
| <b>Reconciliation of opening and closing balance of fair value of plan assets</b>  |                         |  |                         |   |
| Fair value of plan assets at beginning of the reporting period   | 38,365,702              | -  | 29,572,159              | -   |
| Acquisition adjustment   | -                       | -  | -                       | -   |
| Expected return on plan assets   | 3,620,926               | -  | 2,605,138               | -   |
| Employer Contribution  | 6,780,874               | -  | 7,988,802               | -   |
| Benefits paid  | (1,922,471)             | -  | (1,800,397)             | -   |
| Actuarial gain/(loss)  | -                       | -  | -                       | -   |
| Fair value of plan assets at reporting period  | 46,845,031              | -  | 38,365,702              | -   |
| <b>Reconciliation of fair value of assets and obligations</b>  |                         |  |                         |   |
| Fair value of plan assets  | 46,845,031              | -  | 38,365,702              | -   |
| Present value of obligation  | (33,651,012)            | -  | (28,144,735)            | -   |
| Funded assets in excess of obligation of prior years   | (13,194,019)            | -  | (10,220,967)            | -   |
| Amount recognised in Balance Sheet under liabilities   | -                       | -  | -                       | -   |
| <b>Expense recognised during the year</b>  |                         |  |                         |   |
| Current Service Cost   | 6,954,622               | 6,928,440  | 5,664,673               | 6,613,430   |
| Interest Cost  | 2,251,579               | 2,246,110  | 1,746,470               | 1,751,710   |
| Expected return on plan assets   | (3,620,926)             | -  | (2,605,138)             | -   |
| Actuarial (gain)/ loss   | 1,195,599               | (154,360)  | 3,182,797               | (5,445,110)   |
| <b>Net Cost</b>  | 6,780,874               | 9,020,190  | 7,988,802               | 2,920,030   |
| <b>Actuarial assumptions</b>   |                         |  |                         |   |
| Mortality Table  | 1994 - 96<br>(Ultimate) | Indian Assured Lives<br>Mortality (2006-08)<br>(modified)<br>ULT | 1994 - 96<br>(Ultimate) | Indian Assured<br>Lives Mortality<br>(2006-08)<br>(modified)<br>ULT |
| Discount rate (per annum)  | 8.00%                   | 7.80%  | 8.00%                   | 9.25%   |
| Expected rate of return on plan assets<br>(per annum)  | 8.00%                   | NA   | 8.00%                   | NA  |
| Rate of escalation in salary (per annum)   | 7.00%                   | 7.00%  | 7.00%                   | 7.00%   |
| The estimates of rate of escalation in salary considered in actuarial valuation, taken into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is as certified by the actuary. |                         |  |                         |   |

Notes on Financial Statement for the year ended March 31, 2015 (contd.)

**30. SEGMENT REPORTING**

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

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

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

| PRIMARY SEGMENT   | Current Year (Amt in Rs.) |                    |                     |                      |
|---|---------------------------|--------------------|---------------------|----------------------|
|   | Manufacturing             | Project Business   | Common              | Total                |
| <b>Segment Revenues</b>   |                           |                    |                     |                      |
| External Revenues   | 3,639,315,992             | 486,739,680        | -                   | 4,126,055,673        |
| Intersegment revenues   | (78,404,308)              | -                  | -                   | (78,404,308)         |
| <b>Total Revenues</b>   | <b>3,560,911,684</b>      | <b>486,739,680</b> | <b>-</b>            | <b>4,047,651,365</b> |
| <b>Segment Results</b>  |                           |                    |                     |                      |
| Profit Before Taxation, Interest & Depreciation                       | 404,541,571               | 8,569,646          | (37,670,350)        | 375,440,867          |
| Less: Interest  | 37,184,477                | 15,028             | -                   | 37,199,505           |
| Less: Depreciation & Amortizations                                    | 279,510,004               | 257,937            | 292,327             | 280,060,268          |
| <b>Total</b>  | <b>87,847,090</b>         | <b>8,296,681</b>   | <b>(37,962,677)</b> | <b>58,181,094</b>    |
| <b>Unallocable &amp; Other Income (including Extraordinary items)</b> |                           |                    |                     |                      |
| Less: Tax   | 79,916,483                | 19,619,258         | 72,318,663          | 171,854,404          |
|   | 60,406,873                | -                  | -                   | 60,406,873           |
| <b>Total Profit</b>   | <b>107,356,700</b>        | <b>27,915,939</b>  | <b>34,355,986</b>   | <b>169,628,625</b>   |

|   | Previous Year (Amt in Rs.) |                     |                     |                      |
|---|----------------------------|---------------------|---------------------|----------------------|
| <b>Segment Revenues</b>   |                            |                     |                     |                      |
| External Revenues   | 3,258,585,376              | 458,285,163         | -                   | 3,716,870,538        |
| Intersegment revenues   | (174,979,478)              | -                   | -                   | (174,979,478)        |
| <b>Total Revenues</b>   | <b>3,083,605,898</b>       | <b>458,285,163</b>  | <b>-</b>            | <b>3,541,891,061</b> |
| <b>Segment Results</b>  |                            |                     |                     |                      |
| Profit Before Taxation, Interest & Depreciation                       | 407,085,212                | (38,856,260)        | (33,132,864)        | 335,096,088          |
| Less: Interest  | 36,046,742                 | 1,210               | 450                 | 36,048,402           |
| Less: Depreciation & Amortizations                                    | 144,979,020                | 722,474             | 292,327             | 145,993,821          |
| <b>Total</b>  | <b>226,059,450</b>         | <b>(39,579,943)</b> | <b>(33,425,641)</b> | <b>153,053,866</b>   |
| <b>Unallocable &amp; Other Income (including Extraordinary items)</b> |                            |                     |                     |                      |
| Less: Tax   | 131,145,083                | 106,775,470         | 64,076,974          | 301,997,527          |
|   | 115,166,309                | -                   | -                   | 115,166,309          |
| <b>Total Profit</b>   | <b>242,038,224</b>         | <b>67,195,527</b>   | <b>30,651,333</b>   | <b>339,885,083</b>   |

## Notes on Financial Statement for the year ended March 31, 2015 (contd.)

## Segment Reporting (contd.)

(Amt in Rs.)

|   | Manufacturing | Project Business | Common        | Total         |
|---|---------------|------------------|---------------|---------------|
| <b>Segment Assets - Current Year</b>                        | 5,102,792,038 | 499,970,575      | 2,094,452,646 | 7,697,215,260 |
| Previous Year (2013-2014)                                   | 5,380,131,362 | 458,110,525      | 1,622,556,653 | 7,460,798,540 |
| <b>Segment Liabilities - Current Year</b>                   | 1,533,362,426 | 390,177,017      | -             | 1,923,539,443 |
| Previous Year (2013-2014)                                   | 1,568,782,474 | 279,520,577      | -             | 1,848,303,050 |
| <b>Capital Expenditure (Net of disposal) - Current Year</b> | 817,266,215   | -                | -             | 817,266,215   |
| Previous Year (2013-2014)                                   | 320,115,959   | -                | -             | 320,115,959   |

## GEOGRAPHICAL SEGMENT

|                             | Segment revenue by Geographical Market |                      |
|-----------------------------|--|----------------------|
|                             | Current Year (Rs.)                     | Previous Year (Rs.)  |
| Sales of India              | 3,967,403,095                          | 3,403,842,183        |
| Sales of overseas           | 158,652,578                            | 313,028,356          |
| Less: Inter-segmental sales | (78,404,308)                           | (174,979,478)        |
| <b>Total</b>                | <b>4,047,651,365</b>                   | <b>3,541,891,061</b> |

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

|                       | Carrying amounts of segment assets (Amt in Rupees) |                      | Additions to fixed assets & Intangible assets (Amt in Rupees) |                    |
|-----------------------|--|----------------------|---|--------------------|
|                       | As at 31.03.2015                                   | As at 31.03.2014     | As at 31.03.2015  | As at 31.03.2014   |
| Located in India      | 7,393,762,488                                      | 7,165,128,010        | 817,266,215   | 320,115,959        |
| Located outside India | 303,452,772  | 295,670,530          | -   | -                  |
| <b>Total</b>          | <b>7,697,215,260</b>                               | <b>7,460,798,540</b> | <b>817,266,215</b>  | <b>320,115,959</b> |

## 31. RELATED PARTIES DISCLOSURE

| Name of the Related Party        | Relationship             |
|----------------------------------|--------------------------|
| DF Power Systems Private Limited | Subsidiary               |
| TD Power Systems (USA) Inc.      | Subsidiary               |
| TD Power Systems Japan Limited   | Subsidiary               |
| Nikhil Kumar                     | Key Managerial Personnel |
| Hitoshi Matsuo                   | Key Managerial Personnel |
| Tadao Kuwashima                  | Key Managerial Personnel |
| Mohib N. Khericha                | Key Managerial Personnel |

**Notes on Financial Statement for the year ended March 31, 2015 (contd.)**

| <b>Related Parties Disclosure (contd.)</b>                  |                   |             |                                 |             | <b>(Amt in Rs.)</b>   |
|---|-------------------|-------------|---------------------------------|-------------|---|
| <b>Nature of transactions</b>                               | <b>Subsidiary</b> |             | <b>Key Managerial Personnel</b> |             | <b>Enterprises over which key Managerial Personnel are able to exercise significant influence</b> |
|   | <b>2015</b>       | <b>2014</b> | <b>2015</b>                     | <b>2014</b> |   |
| Directors Remuneration and Commission<br>Nikhil Kumar       | -                 | -           | 20,966,900                      | 19,485,254  | -   |
| Hitoshi Matsuo  | -                 | -           | -                               | 4,008,516   | -   |
| Directors Remuneration<br>Tadao Kuwashima                   | -                 | -           | -                               | 10,348,800  | -   |
| Directors Sitting fees<br>Mohib N. Khericha                 | -                 | -           | 160,000                         | 180,000     | -   |
| Lease Rent Paid<br>Mohib N. Khericha                        | -                 | -           | 2,700,000                       | 2,700,000   | -   |
| DF Power Systems Private Limited                            |                   |             |                                 |             |   |
| Rent received (including service tax)                       | 10,124,479        | 9,641,610   | -                               | -           | -   |
| Management Services from                                    | 32,461,428        | 24,820,296  | -                               | -           | -   |
| Amount due to Company from                                  | 2,600,000         | 2,600,000   | -                               | -           | -   |
| Amount due from Company to                                  | 43,177,391        | -           | -                               | -           | -   |
| Sale of Generators & Spares to (including taxes & duties)   | 1,972,703         | 33,449,572  | -                               | -           | -   |
| Purchases of Material from (including taxes & duties)       | 42,957,835        | -           | -                               | -           | -   |
| TD Power Systems (USA) Inc                                  |                   |             |                                 |             |   |
| Sale of Generators & Spares to (including taxes & duties)   | 26,820,030        | -           | -                               | -           | -   |
| Purchases from (including taxes & duties)                   | 1,013,284         | -           | -                               | -           | -   |
| Amount due to Company from                                  | 20,026,164        | -           | -                               | -           | -   |
| Amount due from Company to                                  | 1,017,538         | -           | -                               | -           | -   |
| TD Power Systems Japan Limited                              |                   |             |                                 |             |   |
| Sale of Generators & Services to (including taxes & duties) | 253,749,340       | 86,938,487  | -                               | -           | -   |
| Purchases from (including taxes & duties)                   | 1,805,155         | -           | -                               | -           | -   |
| Amount due to Company from                                  | 21,966,016        | 32,640,908  | -                               | -           | -   |

**32. OPERATING LEASE**

The Company has various operating leases for office facilities, guesthouse and residential premises of employees that are renewable on a periodic basis, and cancelable at its option. Rental expenses for operating leases included in the financial statements for the year are Rs. 13,986,741/- (Previous year Rs. 15,337,415/-).



## Notes on Financial Statement for the year ended March 31, 2015 (contd.)

**33. WARRANTY CLAIMS**

Provision for warranties are made on estimated basis

|  | <b>As at 31.03.2015 (Rs.)</b> |
|--|-------------------------------|
|  | <b>Warranty claims</b>        |
| Balance outstanding at the beginning of the reporting period | 16,726,646                    |
| Provision for the reporting period                           | 3,367,852                     |
| Utilized during the reporting period                         | -                             |
| Withdrawn and credited to Statement of Profit and Loss       | -                             |
| Balance outstanding at the end of the reporting period       | 20,094,498                    |

**34. FOREIGN CURRENCY EXPOSURES****Hedged**

|                                      | <b>As at 31.03.2015</b> |             | <b>As at 31.03.2014</b> |           |
|--------------------------------------|-------------------------|-------------|-------------------------|-----------|
| Sell Contracts                       | In USD                  | In Rupees   | In USD                  | In Rupees |
| USD (Hedge of expected future sales) | 1,657,390.40            | 108,285,119 | -                       | -         |

**Unhedged**

|                        |             |             |
|------------------------|-------------|-------------|
| Assets (Receivables)   | 282,969,615 | 387,799,156 |
| Liabilities (payables) | 378,805,954 | 199,968,851 |

**35. RESEARCH & DEVELOPMENT**

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

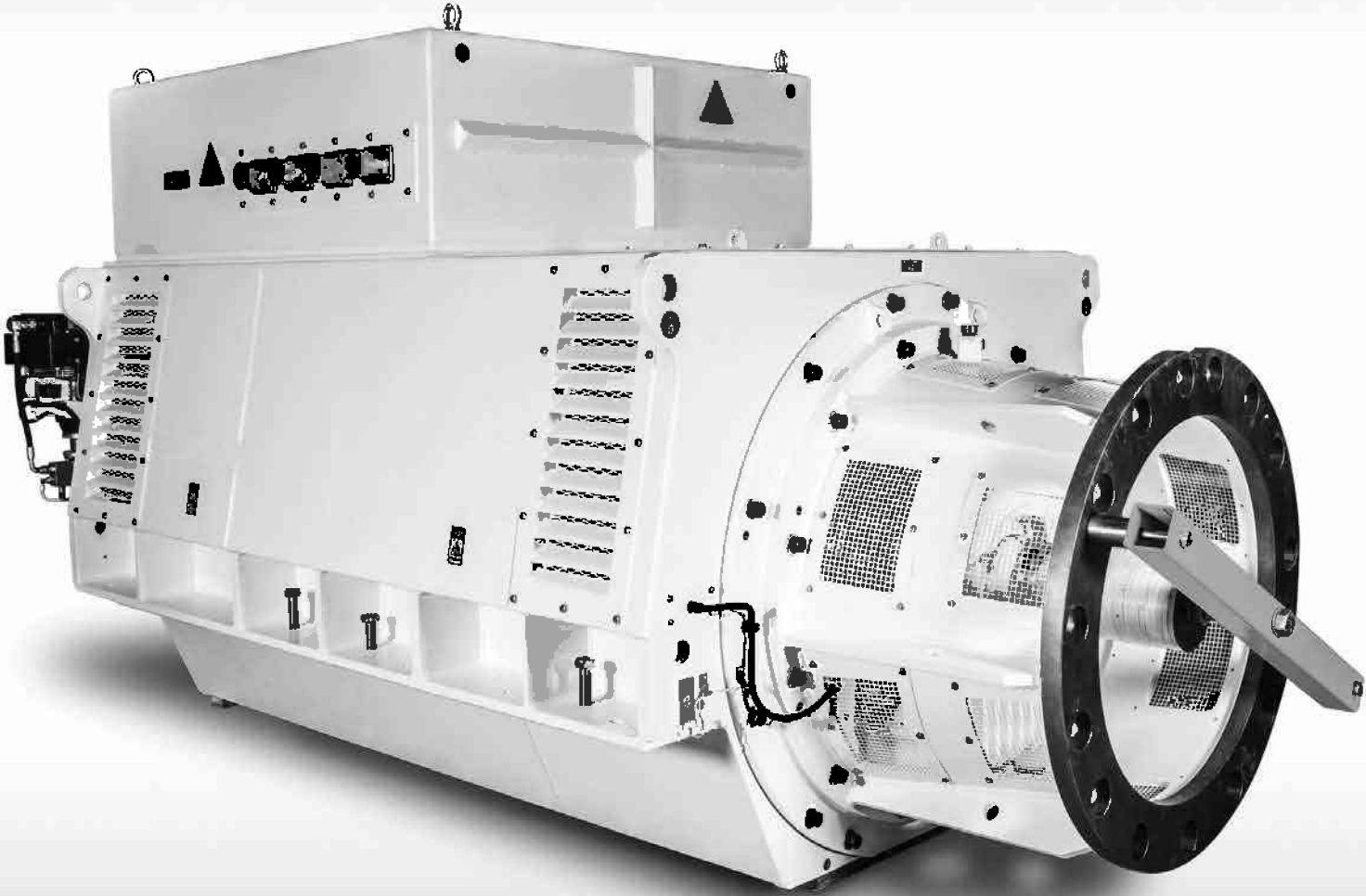
| <b>Nature</b>       | <b>2014 - 2015 (Rs.)</b> | <b>2013-2014 (Rs.)</b> |
|---------------------|--------------------------|------------------------|
| Capital Expenditure | -                        | -                      |
| Revenue Expenditure | 62,856,393               | 70,080,669             |

**36. CORPORATE SOCIAL RESPONSIBILITY**

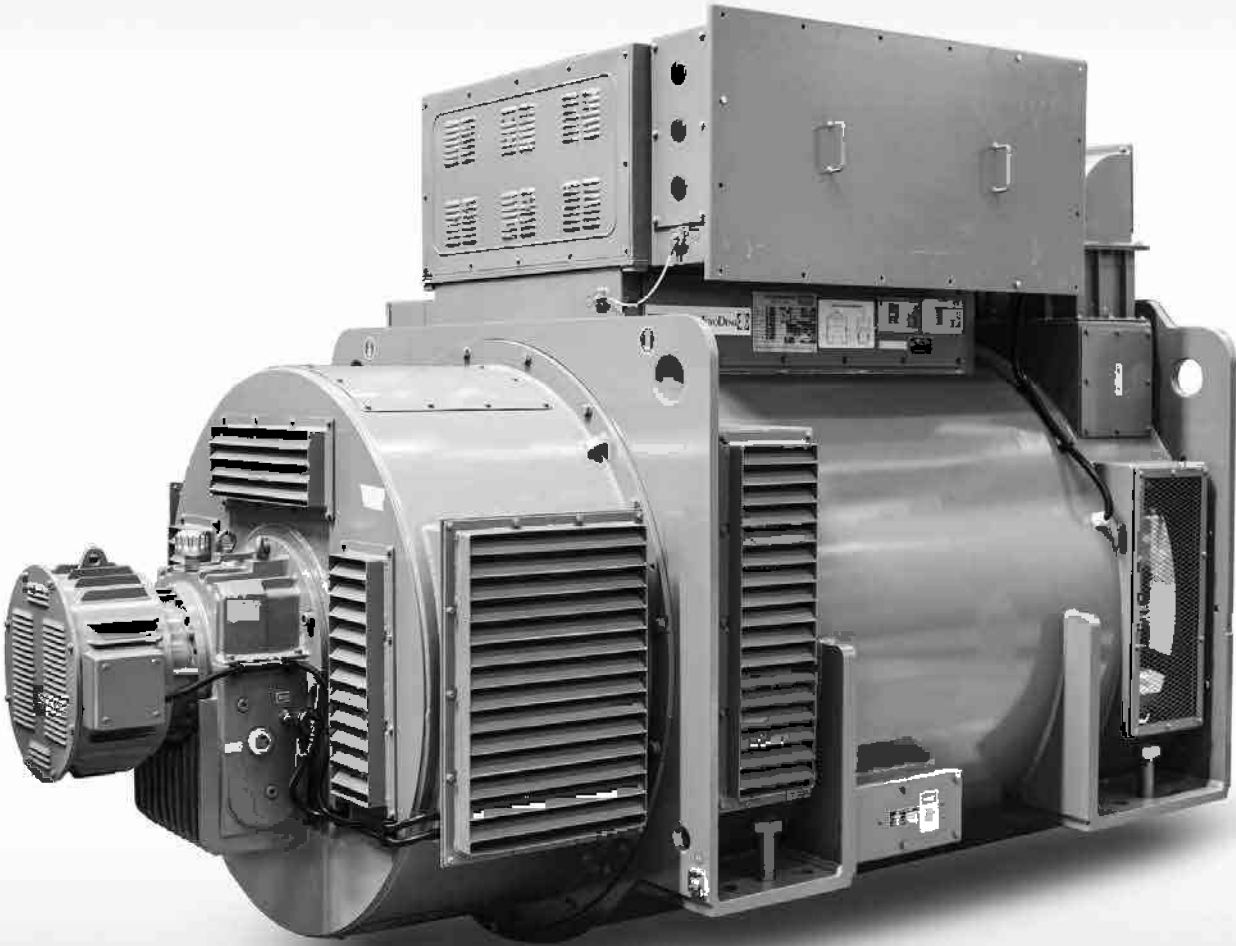
- Gross amount required to be spent by the company during the year - Rs. 6,370,499/-
- Amount spent during the year on

| <b>Sl. Towards No.</b>                     | <b>(Amt in Rs.)</b> |                    |              |
|--|---------------------|--------------------|--------------|
|  | <b>Spent</b>        | <b>To be spent</b> | <b>Total</b> |
| 1. "Construction/acquisition of any asset" | -                   | -                  | -            |
| 2. On purposes other than (1) above        | 393,260             | 5,977,239          | 6,370,499    |

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



## CONSOLIDATED FINANCIAL STATEMENTS



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

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of TD Power Systems Limited (hereinafter referred to as "the Holding Company") and its subsidiaries DF Power Systems Private Limited, TD Power Systems (USA) Inc, TD Power Systems Japan Ltd. (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the Consolidated Balance Sheet as at March 31, 2015, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors are responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the accounting standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at March 31, 2015, and their consolidated loss and their consolidated cash flows for the year ended on that date.

### Other Matters

We did not audit the financial statements of Japan branch included in the standalone financial statements of the Holding Company whose financial statements reflect total assets of Rs. 303,452,773/- as at 31st March, 2015 and total revenues of Rs. 158,652,579/- for the year ended on that date and the financial statements of Hong Kong branch included in the financial

### Independent Auditors' Report (contd.)

statements of the Indian wholly owned subsidiary DF Power Systems Private Limited whose financial statements reflect total assets of Rs. 257,439,424/- as at 31st March, 2015 and total revenues of Rs. 67,561,739/- for the year ended on that date, as considered in the consolidated financial statements. These financial statements of the branches have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of the branches, is based solely on the reports of such branch auditors.

Our opinion is not modified in respect of this matter.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of Sub-Section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company and subsidiary company incorporated in India, we give in the annexure a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.
2. As required by the Section 143(3) of the Act, we report to the extent applicable that
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the above said consolidated financial statements.
  - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept in so far as it appears from our examination of those books and the reports of the other auditors and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
  - c. The reports on the accounts of the branch offices of the Group audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.
  - d. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - e. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - f. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2015 taken on the record by the Board of Directors of the Holding Company, none of the directors of the Group companies incorporated in India is disqualified as on that date from being appointed as a director in terms of Section 164(2) of the Act.
  - g. With respect to other matters to be included in the Auditors report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us,
    - i. There were no pending litigations which would impact the consolidated financial position of the Group.- Refer Note 37(a) to the financial statements.
    - ii. The Group has made provision, as required under the accounting standards, for material foreseeable losses, on long term contracts in respect of its wholly owned Indian subsidiary. The Group did not have any derivative contracts for which there were any material foreseeable losses – Refer Note 37(b) to the financial statements.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group. - Refer Note 37(c ) to the financial statements.

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

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



## ANNEXURE TO AUDITORS' REPORT

(As referred to in paragraph 1 of Report on other legal and regulatory requirements of our report to the members of TD Power Systems Limited)

1. a. The Group is maintaining proper records showing full particulars, including quantitative details and situation of fixed asset.
- b. The management during the year has physically verified all the fixed assets. We have been informed by the management that no material discrepancies were observed and the programme of such verification which, in our opinion, is reasonable having regard to the size of the Group and the nature of its fixed assets.
2. a. Inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b. The procedure of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Group and the nature of its business.
- c. The Group is maintaining proper records of inventory. The discrepancies noticed on verification between physical stocks and the book records were not material.
3. The Group has not granted any loans from the companies covered in the register maintained under Section 189 of the Act, hence clause 3(iii) of the Order is not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Group and the nature of its business, for the purchase of inventory, fixed assets and with regard to sale of goods and services. During the course of our audit, no continuing failure to correct major weakness in the internal controls has been noticed.
5. The Group has not accepted any deposits as applicable under the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other provisions of the Act and Rules framed under. Accordingly, the provisions of clause 3(v) of the said Order are not applicable.
6. To the best of our knowledge and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of Sub-Section (1) of Section 148 of the Act for the products of the Group. Accordingly, the provisions of clause 3(vi) of the said Order are not applicable.
7. According to the records of the Group, the Group is regular in depositing undisputed statutory dues applicable to it with the appropriate authorities. In terms of its books of account, no undisputed statutory dues payable in respect of provident fund, employees' state insurance, income tax, wealth tax, service tax, customs duty, excise duty, value added tax, cess and any other undisputed statutory dues were outstanding, as at March 31, 2015 for a period of more than six months from the date they became payable. According to the records of the Group and according to the information and explanations given to us, there were no dues outstanding on account of income tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess on account of dispute.  
  
As per the records maintained by the Group, there is no amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 2013 and Rules made thereunder.
8. There are no accumulated losses of the Group at March 31, 2015. The Group has not incurred any cash losses in the current year as well as in immediately preceding financial year. However, the Group's Indian subsidiary DF Power Systems Private Limited has incurred cash losses in the current year to the extent of Rs. 170,682,668/- as well as in immediately preceding financial year amounting to Rs. 63,661,196/-.
9. The Group has not taken any loans from financial institutions, banks or issued debentures, hence provisions of clause 3(ix) of the Order is not applicable.
10. In our opinion, the Group had not given any guarantees for loans taken by other companies, hence provisions of Clause 3(x) of the Order is not applicable.
11. No term loans were availed by the Group during the year and accordingly the provisions of clause 3(xi) of the said Order are not applicable.
12. Based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us, we report that no frauds on or by the Group during the year has been noticed or reported.

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

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

**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2015**

|  | Note | Rs.           | As at 31.03.2015<br>Rs. | Rs.           | As at 31.03.2014<br>Rs. |
|--|------|---------------|-------------------------|---------------|-------------------------|
| <b>EQUITY AND LIABILITIES</b>  |      |               |                         |               |                         |
| <b>Shareholders' Funds</b>   |      |               |                         |               |                         |
| Share Capital  | 2    | 332,375,880   |                         | 332,375,880   |                         |
| Reserves and Surplus   | 3    | 4,608,022,530 |                         | 4,743,139,408 |                         |
|  |      |               | 4,940,398,410           |               | 5,075,515,288           |
| <b>Non-current liabilities</b>   |      |               |                         |               |                         |
| Deferred tax liabilities (Net)   | 4    | 177,187,506   |                         | 145,822,323   |                         |
| Long term provisions   | 5    | 44,054,812    |                         | 36,778,224    |                         |
|  |      |               | 221,242,318             |               | 182,600,547             |
| <b>Current Liabilities</b>   |      |               |                         |               |                         |
| Short term borrowings  | 6    | 573,513,883   |                         | 629,881,154   |                         |
| Trade payables   | 7    | 1,671,958,573 |                         | 1,688,051,045 |                         |
| Other current liabilities  | 8    | 1,198,116,790 |                         | 1,504,751,515 |                         |
| Short term provisions  | 9    | 355,965,413   |                         | 599,218,357   |                         |
|  |      |               | 3,799,554,659           |               | 4,421,902,071           |
| <b>Total</b>   |      |               | <b>8,961,195,387</b>    |               | <b>9,680,017,906</b>    |
| <b>ASSETS</b>  |      |               |                         |               |                         |
| <b>Non-current assets</b>  |      |               |                         |               |                         |
| Fixed Assets   |      |               |                         |               |                         |
| Tangible assets  | 10   | 2,666,917,499 |                         | 2,193,823,154 |                         |
| Intangible assets  | 10   | 49,262,289    |                         | -             |                         |
| Capital work in progress   | 11   | 95,754        |                         | 540,173,604   |                         |
|  |      | 2,716,275,542 |                         | 2,733,996,758 |                         |
| Non-current investments  | 12   | 50,000        |                         | 50,000        |                         |
| Long term loans and advances   | 13   | 344,754,156   |                         | 420,700,745   |                         |
|  |      |               | 3,061,079,698           |               | 3,154,747,503           |
| <b>Current Assets</b>  |      |               |                         |               |                         |
| Inventories  | 14   | 760,208,744   |                         | 862,973,640   |                         |
| Trade receivables  | 15   | 1,551,490,883 |                         | 2,218,309,200 |                         |
| Cash and Bank Balance  | 16   | 2,721,133,688 |                         | 2,403,668,563 |                         |
| Short term loans and advances  | 17   | 867,282,374   |                         | 1,040,319,000 |                         |
|  |      |               | 5,900,115,689           |               | 6,525,270,403           |
| <b>Total</b>   |      |               | <b>8,961,195,387</b>    |               | <b>9,680,017,906</b>    |
| Summary of Accounting Policies, other explanatory information & Notes attached form an integral part of the Balance Sheet 1-37 |      |               |                         |               |                         |

In Accordance with our Report attached

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

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

Bangalore  
May 20, 2015

For and on behalf of Board of Directors

**Mohib N. Khericha**  
Chairman

**Nikhil Kumar**  
Managing Director

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

**N. Srivatsa**  
Company Secretary

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

|   |      |               | Year Ended<br>31.03.2015 |               | Year Ended<br>31.03.2014 |
|---|------|---------------|--------------------------|---------------|--------------------------|
|   | Note | Rs.           | Rs.                      | Rs.           | Rs.                      |
| <b>INCOME</b>   |      |               |                          |               |                          |
| Revenue from Operations   | 19   |               | 5,974,419,195            |               | 4,802,297,923            |
| Other Income  | 20   |               | 245,015,224              |               | 340,980,281              |
| <b>Total Revenue</b>  |      |               | <b>6,219,434,419</b>     |               | <b>5,143,278,204</b>     |
| <b>EXPENSES</b>   |      |               |                          |               |                          |
| Cost of materials consumed  | 21   | 2,414,114,029 |                          | 2,437,422,678 |                          |
| Purchases for Project Business  |      | 2,001,843,924 |                          | 1,316,193,410 |                          |
| Changes in inventories of finished goods,<br>work in progress and stock in trade  | 22   | 116,659,014   |                          | (237,144,003) |                          |
|   |      |               | 4,532,616,967            |               | 3,516,472,085            |
| Employee benefits expense   | 23   |               | 652,327,171              |               | 606,631,383              |
| Finance costs   | 24   |               | 38,868,804               |               | 36,140,140               |
| Depreciation and amortization expense   | 25   |               | 287,629,046              |               | 149,519,120              |
| Other expenses  | 26   |               | 648,418,805              |               | 480,979,074              |
| <b>Total Expenses</b>   |      |               | <b>6,159,860,793</b>     |               | <b>4,789,741,801</b>     |
| <b>Profit before tax</b>  |      |               | <b>59,573,626</b>        |               | <b>353,536,403</b>       |
| Tax expense   |      |               |                          |               |                          |
| Current tax ( MAT)  |      | 56,492,258    |                          | 117,513,192   |                          |
| Less: MAT Credit Entitlement  |      | 20,000,000    |                          | -             |                          |
| Net Current Tax   |      | 36,492,258    |                          | 117,513,192   |                          |
| Deferred Tax  |      | 31,365,182    |                          | 8,942,053     |                          |
|   |      |               | 67,857,440               |               | 126,455,245              |
| Profit/(Loss) for the year  |      |               | (8,283,814)              |               | 227,081,158              |
| Less: Prior Period Adjustment   |      |               | -                        |               | 3,059,100                |
| <b>Profit/(Loss) for the year</b>   |      |               | <b>(8,283,814)</b>       |               | <b>224,022,058</b>       |
| Earning per equity share  | 28   |               |                          |               |                          |
| Basic & Diluted   |      |               | (0.25)                   |               | 6.74                     |
| Summary of Accounting Policies, other explanatory information & Notes attached 1-37 form an integral part of the Statement of Profit & Loss |      |               |                          |               |                          |

In Accordance with our Report attached

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

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

Bangalore  
May 20, 2015

For and on behalf of Board of Directors

**Mohib N. Khericha**  
Chairman

**Nikhil Kumar**  
Managing Director

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

**N. Srivatsa**  
Company Secretary

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015**

|   | Rs.           | Current Year<br>Rs.  | Rs.           | Previous Year<br>Rs. |
|---|---------------|----------------------|---------------|----------------------|
| <b>A Cash flow from operating activities</b>  |               |                      |               |                      |
| <b>Net Profit before tax and extraordinary items</b>  |               | 59,573,626           |               | 353,536,403          |
| Adjustments for   |               |                      |               |                      |
| Depreciation  | 275,313,472   |                      | 149,519,120   |                      |
| Amortisation  | 12,315,576    |                      | -             |                      |
| (Profit) / Loss on sale of Fixed Asset  | (191,009)     |                      | 1,897,581     |                      |
| Dividend Income   | (6,000)       |                      | (6,000)       |                      |
| Interest Income   | (188,078,527) |                      | (215,275,984) |                      |
| Interest Payments   | 38,868,804    |                      | 36,140,140    |                      |
| Provision for Warranty Claims   | 3,367,852     |                      | (4,558,664)   |                      |
| Exchange Fluctuation Deficit  | -             |                      | -             |                      |
| Provision for Gratuity & Leave Encashment   | 26,417,045    | 168,007,213          | 20,764,561    | (11,519,246)         |
| <b>Operating profit before Working Capital Changes</b>  |               | <b>227,580,839</b>   |               | <b>342,017,157</b>   |
| <b>Adjustments for</b>  |               |                      |               |                      |
| Trade Receivables   | 666,818,317   |                      | (440,286,571) |                      |
| Other Receivables   | (167,221,411) |                      | (609,894,017) |                      |
| Inventories   | 102,764,896   |                      | (332,512,717) |                      |
| Future Contracts  | -             |                      | -             |                      |
| Trade Payables  | (322,727,198) | 279,634,604          | 871,309,425   | (511,383,880)        |
| <b>Cash generated from Operations</b>   |               | <b>507,215,443</b>   |               | <b>(169,366,723)</b> |
| Payment of Fringe Benefit Tax   | -             |                      | -             |                      |
| Payment of Gratuity   | -             |                      | -             |                      |
| Direct Taxes Paid   | 42,090,950    | 42,090,950           | 76,707,175    | 76,707,175           |
| <b>Net Cash Flow from Operating Activities</b>  |               | <b>465,124,493</b>   |               | <b>(246,073,898)</b> |
| <b>B Cash flow from Investing Activities</b>  |               |                      |               |                      |
| Purchase of Fixed Assets  | (226,461,581) |                      | (726,765,109) |                      |
| Purchase of Investments   | -             |                      | -             |                      |
| Sale of Fixed Asset / Purchase of Investments   | 12,534,268    |                      | 7,680,759     |                      |
| Dividend Received   | 6,000         |                      | 6,000         |                      |
| Interest Received   | 188,078,527   |                      | 215,275,984   |                      |
| <b>Net Cash used in investing activities</b>  |               | <b>(25,842,786)</b>  |               | <b>(503,802,366)</b> |
| <b>C Cash flow from financing activities</b>  |               |                      |               |                      |
| Proceeds from issuance of Share Capital   | -             |                      | -             |                      |
| Share Premium   | -             |                      | -             |                      |
| Refund on Income Tax  | 62,858,020    |                      | -             |                      |
| Long term borrowings  | -             |                      | -             |                      |
| Temporary Borrowing   | (31,919,400)  |                      | 31,919,400    |                      |
| Unsecured Loans & Deposits  | -             |                      | (186,028)     |                      |
| Working Capital borrowings  | (24,447,871)  |                      | 328,029,343   |                      |
| Interest Paid   | (38,868,804)  |                      | (36,140,140)  |                      |
| Dividend and Tax on Dividend paid   | (89,438,527)  |                      | (74,694,500)  |                      |
| <b>Net Cash flow from financing activities</b>  |               | <b>(121,816,582)</b> |               | <b>248,928,075</b>   |
| <b>Net increase/decrease in cash and cash equivalents</b>   |               | <b>317,465,125</b>   |               | <b>(500,948,189)</b> |
| <b>Cash and cash equivalents at the beginning</b>   |               | <b>2,403,668,563</b> |               | <b>2,904,616,752</b> |
| <b>Cash and cash equivalents at close</b>   |               | <b>2,721,133,688</b> |               | <b>2,403,668,563</b> |
| Actual Closing Cash Balance   |               | 2,721,133,688        |               | 2,403,668,563        |
| Add: Non-Cash Equivalents   |               |                      |               |                      |
| <b>Cash and cash equivalents at Close</b>   |               | <b>2,721,133,688</b> |               | <b>2,403,668,563</b> |
| <b>Note:</b> Cashflows are reported using the indirect method.<br>Cash and cash equivalents is after adjusting translation gain/loss. |               |                      |               |                      |

In Accordance with our Report attached

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

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

Bangalore  
May 20, 2015

For and on behalf of Board of Directors

**Mohib N. Khericha**  
Chairman

**Nikhil Kumar**  
Managing Director

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

**N. Srivatsa**  
Company Secretary

## SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2015

### 1 Significant Accounting Policies

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

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

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

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

#### 1.1 Basis of Preparation of Financial Statements

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

#### 1.2 Principles of Consolidation

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

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

#### 1.3 Fixed Assets

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

#### 1.4 Inventories

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

#### 1.5 Depreciation

Consequent to the enactment of the Companies Act, 2013 (the Act) and its applicability for Accounting period commencing after 1 April 2014, the Company has re-worked Depreciation with reference to the estimated useful lives of the fixed assets prescribed by Schedule II to the Act or actual useful life of Asset, whichever is lower. In case of any Asset whose life has completed as above, the carrying value, as at 01st April 2014 has been adjusted to the Retained Earnings to the tune of Rs. 1.62 Crores and in other cases the carrying value has been depreciated over the remaining of the revised life of the Assets and recognised in the Statement of Profit and Loss. As a result the change for depreciation is higher by Rs. 7.96 Crores for the year ended 31st March 2015.

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

#### 1.6 Revenue Recognition

##### Company

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

##### Subsidiaries

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

#### 1.7 Foreign Currency Transactions

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

#### 1.8 Taxes on Income

Provision for tax is made in terms of AS 22 for both current and deferred tax. Provision for current income tax if arises is made at the current tax rates based on assessable income. Deferred tax is recognised on timing difference between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance sheet date. Deferred tax assets are recognized and carried forward to the extent that there is a reasonable/virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized. Minimum Alternate Tax (MAT) under the provisions of Income Tax Act, 1961, is recognised as current tax in the statement of Profit & Loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal Income Tax during the period for which MAT Credit can be carried forward for set-off against the normal tax liability. MAT Credit recognised as an asset is reviewed at each Balance Sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

#### 1.9 Borrowing Cost

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



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

### 1.10 Contingent Liabilities

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

### 1.11 Employees Benefits

#### Long Term Employee Benefits

##### a. Defined Contribution Plans

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

##### b. Defined Benefit Plans

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

### 1.12 Impairment of Assets

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

### 1.13 Accounting for lease

##### a. Operating Lease

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

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

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

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

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

### 1.15 Investment

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

### 1.16 Research & Development

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

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

**NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2015**

|   | As at 31.03.2015 |                    | As at 31.03.2014 |                    |
|---|------------------|--------------------|------------------|--------------------|
|   | Number           | Rs.                | Number           | Rs.                |
| <b>2. SHARE CAPITAL</b>                       |                  |                    |                  |                    |
| <b>Authorized</b>                             |                  |                    |                  |                    |
| Equity shares of Rs.10/- each                 | 35,000,000       | 350,000,000        | 35,000,000       | 350,000,000        |
|   |                  | <u>350,000,000</u> |                  | <u>350,000,000</u> |
| <b>Issued, subscribed and fully paid up</b>   |                  |                    |                  |                    |
| Equity shares of Rs.10/- each - fully paid up |                  |                    |                  |                    |
| At the beginning of the year                  | 33,237,588       | 332,375,880        | 33,237,588       | 332,375,880        |
| Issued during the year                        | -                | -                  | -                | -                  |
| At the close of the year                      | 33,237,588       | <b>332,375,880</b> | 33,237,588       | <b>332,375,880</b> |

**Other Information**

I The Company has only one class of equity shares having par value of Rs.10/- each. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees.

For the period ended 31 March 2015 (31 March 2014, Rs. 2.30), a dividend per share of Rs. 2.645 has been provided for payment to shareholders subject to approval at the Annual General Meeting of the Company.

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

**II Equity shares include**

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

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

|   | As at 31.03.2015 |               | As at 31.03.2014 |               |
|---|------------------|---------------|------------------|---------------|
|   | Percentage       | No. of shares | Percentage       | No. of shares |
| Saphire Finman Services Private Limited | 15.12%           | 5,026,433     | 18.13%           | 6,026,433     |
| Nikhil Kumar                            | 13.96%           | 4,638,664     | 15.46%           | 5,138,664     |
| Hitoshi Matsuo                          | 9.73%            | 3,235,254     | 12.74%           | 4,235,254     |
| Sofia M. Khericha                       | 6.27%            | 2,084,100     | 6.27%            | 2,084,100     |
| Mohib N. Khericha                       | 5.56%            | 1,846,860     | 5.56%            | 1,846,860     |

## Notes on Consolidated Financial Statement for the year ended March 31, 2015 (contd.)

|  | As at 31.03.2015     | As at 31.03.2014     |
|--|----------------------|----------------------|
|  | Rs.                  | Rs.                  |
| <b>3. RESERVES AND SURPLUS</b>                                 |                      |                      |
| <b>Capital Reserve</b>   |                      |                      |
| As at the beginning of the year                                | 71,829,215           | 71,829,215           |
| As at the end of the year <b>(A)</b>                           | 71,829,215           | 71,829,215           |
| <b>Securities Premium</b>                                      |                      |                      |
| As at the beginning of the year                                | 2,050,763,239        | 2,050,763,239        |
| As at the end of the year <b>(B)</b>                           | 2,050,763,239        | 2,050,763,239        |
| <b>General Reserve</b>   |                      |                      |
| As at the beginning of the year                                | 304,629,488          | 269,744,208          |
| Add  |                      |                      |
| Transferred from Statement of Profit and Loss                  | 20,085,372           | 34,885,280           |
| As at the end of the year <b>(C)</b>                           | 324,714,860          | 304,629,488          |
| <b>Foreign Currency Translation Reserves</b>                   |                      |                      |
| As at the beginning of the year                                | 107,875              | -                    |
| Add  |                      |                      |
| During the period (Refer Note 1.7 f)                           | (4,694,221)          | 107,875              |
| As at the end of the year <b>(D)</b>                           | (4,586,346)          | 107,875              |
| <b>Surplus i.e. balance in Statement of Profit &amp; Loss</b>  |                      |                      |
| As at the beginning of the year                                | 2,315,809,591        | 2,216,111,340        |
| Add  |                      |                      |
| Transferred from Statement of Profit and Loss                  | (8,283,814)          | 224,022,058          |
| Less   |                      |                      |
| Depreciation on OB   | 16,225,440           | -                    |
| Transferred to General Reserve                                 | 20,085,372           | 34,885,280           |
| <b>Proposed dividend</b>                                       | 87,913,420           | 76,446,452           |
| Provision towards dividend distribution tax                    | 17,999,983           | 12,992,075           |
| As at the end of the year <b>(E)</b>                           | 2,165,301,562        | 2,315,809,591        |
| <b>Total (A to E)</b>  | <b>4,608,022,530</b> | <b>4,743,139,408</b> |
| <b>4. DEFERRED TAX LIABILITY</b>                               |                      |                      |
| <b>Deferred tax liability</b>                                  |                      |                      |
| On account of depreciation on fixed assets                     | 193,351,284          | 160,546,148          |
| <b>Deferred tax asset</b>                                      |                      |                      |
| On account of timing differences in recognition of expenditure | 16,163,778           | 14,723,825           |
| <b>Net Deferred tax liability/(asset)</b>                      | <b>177,187,506</b>   | <b>145,822,323</b>   |

Notes on Consolidated Financial Statement for the year ended March 31, 2015 (contd.)

|  | As at 31.03.2015     | As at 31.03.2014     |
|--|----------------------|----------------------|
|  | Rs.                  | Rs.                  |
| <b>5. LONG TERM PROVISIONS</b>   |                      |                      |
| Provisions for employee benefits - Leave Encashment  | 44,054,812           | 36,778,224           |
| <b>Total</b>   | <b>44,054,812</b>    | <b>36,778,224</b>    |
| <b>6. SHORT TERM BORROWINGS</b>  |                      |                      |
| <b>Secured Loans</b>   |                      |                      |
| Loans repayable on demand- from banks  | 573,513,883          | 629,881,154          |
| <b>Total</b>   | <b>573,513,883</b>   | <b>629,881,154</b>   |
| <b>Additional Information</b>  |                      |                      |
| Details of security for secured loans  |                      |                      |
| Balance of Working Capital Loan from<br>M/s. Bank of Baroda as on 31st March – Secured by Hypothecation of<br>Raw Materials, Goods-in-process, Finished Goods and Book Debts and<br>a charge on Fixed assets of the Company. | 573,513,883          | 629,881,154          |
| Loans repayable on demand  |                      |                      |
| Terms of repayment of secured loans - from banks   | 573,513,883          | 629,881,154          |
| Interest at 2% over base rate (floating)   |                      |                      |
| <b>7. TRADE PAYABLES</b>   |                      |                      |
| To Micro, Small and Medium Enterprises   | 44,387,924           | 61,831,496           |
| Others   | 1,627,570,649        | 1,626,219,549        |
| <b>Total</b>   | <b>1,671,958,573</b> | <b>1,688,051,045</b> |
| <b>Additional Information</b>  |                      |                      |
| The details of amounts outstanding to Micro, Small and Medium Enterprises under Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act), based on the available information with the Company are as under       |                      |                      |
| 1. Principal amount due and remaining unpaid   | 44,387,924           | 61,831,496           |
| 2. Interest due on (1) above and the unpaid interest   | -                    | 665,041              |
| 3. Interest paid on all delayed payments under the MSMED Act   | -                    | -                    |
| 4. Payment made beyond the appointed day during the year   | 72,096,756           | 70,552,683           |
| 5. Interest due and payable for the period of delay other than (3) above   | 4,669,005            | 2,811,530            |
| 6. Interest accrued and remaining unpaid   | 4,669,005            | 3,476,571            |
| 7. Amount of further interest remaining due and payable in succeeding years  | 23,955,826           | 19,286,821           |

## Notes on Consolidated Financial Statement for the year ended March 31, 2015 (contd.)

### 8. OTHER CURRENT LIABILITIES

|                                       | As at 31.03.2015<br>Rs. | As at 31.03.2014<br>Rs. |
|---------------------------------------|-------------------------|-------------------------|
| Unclaimed dividends                   | 8,226                   | 19,032                  |
| Outstanding Liabilities               | 332,701,824             | 543,285,686             |
| Duties and taxes payable              | 23,682,022              | 10,103,607              |
| Trade advance received from customers | 809,122,922             | 925,464,379             |
| Earnest Money Deposit                 | 215,000                 | 215,000                 |
| Other liabilities                     | 32,386,796              | 25,663,811              |
| <b>Total</b>                          | <b>1,198,116,790</b>    | <b>1,504,751,515</b>    |

### 9. SHORT TERM PROVISIONS

|   |                    |                    |
|---|--------------------|--------------------|
| Reserve for Future Contract                             | 225,032,612        | 487,413,297        |
| Provision for warranties                                | 20,094,498         | 16,726,646         |
| Provisions for employee benefits - Leave Encashment     | 4,924,900          | 5,639,887          |
| Proposed dividend (including dividend distribution tax) | 105,913,403        | 89,438,527         |
| <b>Total</b>  | <b>355,965,413</b> | <b>599,218,357</b> |

### 10. FIXED ASSETS

(Amt in Rs.)

| Particulars                | Gross Block (At Cost)  |                                 |                                  |                      | Depreciation        |                    |                                  |                     | Net Block            |                      |
|----------------------------|--|---------------------------------|----------------------------------|----------------------|---------------------|--------------------|----------------------------------|---------------------|----------------------|----------------------|
|                            | As at<br>01.04.2014  | Additions<br>during the<br>year | Deductions<br>during the<br>year | As at<br>31.03.2015  | As at<br>01.04.2014 | For the<br>year    | Deductions<br>during the<br>year | As at<br>31.03.2015 | As at<br>31.03.2015  | As at<br>31.03.2014  |
| <b>Tangible Assets</b>     |  |                                 |                                  |                      |                     |                    |                                  |                     |                      |                      |
| Free Hold Land             | 249,262,167  | 15,187,225                      | -                                | 264,449,392          | -                   | -                  | -                                | -                   | 264,449,392          | 249,262,167          |
| Buildings                  | 802,840,018  | 303,965,966                     | -                                | 1,106,805,984        | 80,542,069          | 44,690,766         | -                                | 125,232,835         | 981,573,149          | 722,297,949          |
| Plant & Machinery (*)      | 1,397,018,053  | 432,060,183                     | -                                | 1,829,078,236        | 416,357,158         | 195,068,301        | -                                | 611,425,459         | 1,217,652,777        | 980,660,895          |
| Office Equipments          | 32,771,968   | 3,151,315                       | 1,662,868                        | 34,260,415           | 5,498,016           | 13,098,046         | 1,282,540                        | 17,313,522          | 16,946,893           | 27,273,951           |
| Furniture & Fixtures       | 36,106,207   | 3,702,930                       | 158,359                          | 39,650,778           | 11,124,889          | 4,487,154          | 142,542                          | 15,469,501          | 24,181,277           | 24,981,318           |
| Computers                  | 55,240,760   | 5,382,216                       | 1,536,965                        | 59,086,011           | 36,595,456          | 10,576,474         | 1,502,288                        | 45,669,642          | 13,416,369           | 18,645,304           |
| Communication<br>Equipment | 3,855,741  | 48,396                          | -                                | 3,904,137            | 981,434             | 1,137,903          | -                                | 2,119,337           | 1,784,800            | 2,874,307            |
| Motor Vehicles             | 50,803,794   | 3,041,199                       | 8,706,399                        | 45,138,594           | 22,099,147          | 6,554,868          | 7,231,048                        | 21,422,967          | 23,715,627           | 28,704,647           |
| <b>Total</b>               | <b>2,627,898,708</b>   | <b>766,539,430</b>              | <b>12,064,591</b>                | <b>3,382,373,547</b> | <b>573,198,169</b>  | <b>275,613,512</b> | <b>10,158,418</b>                | <b>838,653,263</b>  | <b>2,543,720,284</b> | <b>2,054,700,538</b> |
| Previous Year              | 2,287,237,960  | 348,341,507                     | 7,680,759                        | 2,627,898,708        | 440,356,857         | 137,640,319        | 4,799,006                        | 573,198,170         | 2,054,700,538        |                      |
| <b>Note</b>                | (*) Accumulated depreciation as on 1st April 2004 under Owned Assets includes accumulated depreciation of leased asset also. |                                 |                                  |                      |                     |                    |                                  |                     |                      |                      |

### FIXED ASSETS - RESEARCH & DEVELOPMENT

(Amt in Rs.)

| Particulars            | Gross Block (At Cost) |                                 |                                  |                     | Depreciation        |                   |                                  |                     | Net Block           |                     |
|------------------------|-----------------------|---------------------------------|----------------------------------|---------------------|---------------------|-------------------|----------------------------------|---------------------|---------------------|---------------------|
|                        | As at<br>01.04.2014   | Additions<br>during the<br>year | Deductions<br>during the<br>year | As at<br>31.03.2015 | As at<br>01.04.2014 | For the<br>year   | Deductions<br>during the<br>year | As at<br>31.03.2015 | As at<br>31.03.2015 | As at<br>31.03.2014 |
| <b>Tangible Assets</b> |                       |                                 |                                  |                     |                     |                   |                                  |                     |                     |                     |
| Plant & Machinery      | 160,091,717           | -                               | -                                | 160,091,717         | 20,969,101          | 15,925,401        | -                                | 36,894,502          | 123,197,215         | 139,122,616         |
| <b>Total</b>           | <b>160,091,717</b>    | <b>-</b>                        | <b>-</b>                         | <b>160,091,717</b>  | <b>20,969,101</b>   | <b>15,925,401</b> | <b>-</b>                         | <b>36,894,502</b>   | <b>123,197,215</b>  | <b>139,122,616</b>  |
| Previous Year          | 160,091,717           | -                               | -                                | 160,091,717         | 9,090,300           | 11,878,801        | -                                | 20,969,101          | 139,122,616         |                     |

Notes on Consolidated Financial Statement for the year ended March 31, 2015 (contd.)

**FIXED ASSETS - TECHNICAL KNOW-HOW**

(Amt in Rs.)

| Particulars              | Gross Block (At Cost) |                           |                            |                  | Amortisation     |              |                            |                  | Net Block        |                  |
|--------------------------|-----------------------|---------------------------|----------------------------|------------------|------------------|--------------|----------------------------|------------------|------------------|------------------|
|                          | As at 01.04.2014      | Additions during the year | Deductions during the year | As at 31.03.2015 | As at 01.04.2014 | For the year | Deductions during the year | As at 31.03.2015 | As at 31.03.2015 | As at 31.03.2014 |
| <b>Intangible Assets</b> |                       |                           |                            |                  |                  |              |                            |                  |                  |                  |
| Technical Know-how       | -                     | 61,577,865                | -                          | 61,577,865       | -                | 12,315,576   | -                          | 12,315,576       | 49,262,289       | -                |
| <b>Total</b>             | -                     | 61,577,865                | -                          | 61,577,865       | -                | 12,315,576   | -                          | 12,315,576       | 49,262,289       | -                |
| Previous Year            | -                     | -                         | -                          | -                | -                | -            | -                          | -                | -                | -                |

**11. CAPITAL WORK-IN-PROGRESS**

Plant and Machinery

Building under Construction

Land

**Total**

Intangible assets under development

Technical Know-how

**Total**

|                                     | As at 31.03.2015<br>Rs. | As at 31.03.2014<br>Rs. |
|-------------------------------------|-------------------------|-------------------------|
| Plant and Machinery                 | -                       | 349,650,113             |
| Building under Construction         | 32,754                  | 128,416,426             |
| Land                                | 63,000                  | 529,200                 |
| <b>Total</b>                        | <b>95,754</b>           | <b>478,595,739</b>      |
| Intangible assets under development | -                       | 61,577,865              |
| <b>Total</b>                        | <b>95,754</b>           | <b>540,173,604</b>      |

**12. NON CURRENT INVESTMENTS**

| Details of Investments                       | Name of the Company                            | No. of Shares | Face Value | As at 31.03.2015<br>Rs. | As at 31.03.2014<br>Rs. |
|--|--|---------------|------------|-------------------------|-------------------------|
| <b>Non - Trade Investments (Unquoted)</b>    |  |               |            |                         |                         |
| Investments in Equity Instruments            |  |               |            |                         |                         |
| Others                                       |  |               |            |                         |                         |
| Fully paid up                                | M/s. The Shamrao Vithal Co-operative Bank Ltd. | 2,000         | 25         | 50,000                  | 50,000                  |
| <b>Total</b>                                 |  |               |            | <b>50,000</b>           | <b>50,000</b>           |
| <b>Additional Information</b>                |  |               |            |                         |                         |
| Aggregate value of unquoted investments Cost |  |               |            | <b>50,000</b>           | <b>50,000</b>           |

**13. LONG TERM LOANS AND ADVANCES**

Capital advances

Security Deposit

MAT Credit Entitlement

Advance payment of Tax (net of Provisions)

**Total**

**Additional information**

Breakup of above

Unsecured, considered good

**Total**

|  |                    |                    |
|--|--------------------|--------------------|
| Capital advances                           | 160,720,665        | 252,141,000        |
| Security Deposit                           | 24,847,220         | 7,882,500          |
| MAT Credit Entitlement                     | 20,000,000         | -                  |
| Advance payment of Tax (net of Provisions) | 139,186,271        | 160,677,245        |
| <b>Total</b>                               | <b>344,754,156</b> | <b>420,700,745</b> |
| <b>Additional information</b>              |                    |                    |
| Breakup of above                           |                    |                    |
| Unsecured, considered good                 | 344,754,156        | 420,700,745        |
| <b>Total</b>                               | <b>344,754,156</b> | <b>420,700,745</b> |



## Notes on Consolidated Financial Statement for the year ended March 31, 2015 (contd.)

|  | As at 31.03.2015     | As at 31.03.2014     |
|--|----------------------|----------------------|
|  | Rs.                  | Rs.                  |
| <b>14. INVENTORIES</b>   |                      |                      |
| Raw materials  | 343,757,722          | 340,478,080          |
| Work in progress   | 368,985,660          | 502,714,353          |
| Finished goods   | 35,019,368           | 17,949,689           |
| Stock in trade   | 4,702,681            | 357,689              |
| Goods in transit: Raw materials                                    | 7,743,313            | 1,473,829            |
| <b>Total</b>   | <b>760,208,744</b>   | <b>862,973,640</b>   |
| <b>15. TRADE RECEIVABLES</b>                                       |                      |                      |
| Trade receivables exceeding six months                             | 441,169,786          | 495,924,159          |
| Others   | 1,263,207,339        | 1,722,385,041        |
| <b>Total</b>   | <b>1,704,377,125</b> | <b>2,218,309,200</b> |
| Less: Provision for bad and doubtful debts                         | 152,886,242          | -                    |
| <b>Total</b>   | <b>1,551,490,883</b> | <b>2,218,309,200</b> |
| <b>Additional information</b>                                      |                      |                      |
| Breakup of above   |                      |                      |
| Secured, considered good   | 378,982,704          | 680,016,569          |
| Unsecured, considered good   | 1,172,508,179        | 1,538,292,631        |
| <b>Total</b>   | <b>1,551,490,883</b> | <b>2,218,309,200</b> |
| <b>16. CASH AND BANK BALANCES</b>                                  |                      |                      |
| <b>Cash and cash equivalents</b>                                   |                      |                      |
| Balances with banks  |                      |                      |
| on current accounts  | 473,864,721          | 213,751,538          |
| in deposit accounts less than 3 months maturity                    | 10,000,000           | 270,000,000          |
| Cash on hand   | 740,141              | 477,280              |
| <b>Other bank balances</b>   |                      |                      |
| Balances with banks  |                      |                      |
| in margin money  | 72,487,271           | 83,960,500           |
| in deposit accounts exceeding 12 months maturity                   | 554,007,000          | 429,525,000          |
| in deposit accounts exceeding 3 months but not exceeding 12 months | 1,610,034,555        | 1,405,954,245        |
| <b>Total</b>   | <b>2,721,133,688</b> | <b>2,403,668,563</b> |
| <b>17. SHORT TERM LOANS AND ADVANCES</b>                           |                      |                      |
| Rent Deposit   | 2,498,150            | 3,353,255            |
| Balance with Statutory/ Govt authorities                           | 373,716,276          | 390,747,891          |
| Prepaid Expenses   | 13,328,801           | 9,782,695            |
| Trade Advance  | 421,756,085          | 563,805,534          |
| Interest accrued on term deposits                                  | 50,629,917           | 49,779,369           |
| Others   | 5,353,145            | 22,850,256           |
| <b>Total</b>   | <b>867,282,374</b>   | <b>1,040,319,000</b> |

**Notes on Consolidated Financial Statement for the year ended March 31, 2015 (contd.)**

|   | <b>As at 31.03.2015</b> | <b>As at 31.03.2014</b> |
|---|-------------------------|-------------------------|
|   | <b>Rs.</b>              | <b>Rs.</b>              |
| <b>Short Term Loans and Advances (contd.)</b> |                         |                         |
| <b>Additional information</b>                 |                         |                         |
| Breakup of above                              |                         |                         |
| Unsecured, considered good                    | 867,282,374             | 1,040,319,000           |
| <b>Total</b>                                  | <b>867,282,374</b>      | <b>1,040,319,000</b>    |

**18. CONTINGENT LIABILITIES AND COMMITMENTS**

(to the extent not provided for)

**Contingent Liabilities**

|                   |             |               |
|-------------------|-------------|---------------|
| Guarantees        | 759,300,701 | 1,513,628,162 |
| Letters of credit | 296,751,950 | 175,303,155   |

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

**Commitments**

|  |               |               |
|--|---------------|---------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | 89,393,155    | 93,300,798    |
| Corporate Guarantee issued to the bankers of the subsidiary company (DFPS)                                       | 1,420,000,000 | 5,540,000,000 |
| Corporate Guarantee issued on behalf of subsidiary company (Japan WOS)   | 17,506,701    | 182,270,682   |

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

The Company has obtained EPCG licence No. 073001256 dt. 10.07.2013 to the extent of Rs. 6.95 Crores for importation of capital goods without payment of custom duties. Under the licence the Company will have to fulfill the export obligation of Rs. 41.71 Crores.

The Company has obtained EPCG licence No. 0730014370 dt.31.03.2015 to the extent of Rs. 1.92 Crores for importation of capital goods without payment of custom duties. Under the licence the Company will have to fulfill the export obligation of Rs. 11.574 Crores.

**19. REVENUE FROM OPERATIONS**

**Sale of Goods**

|                                      | <b>Year Ended</b> | <b>Year Ended</b> |
|--------------------------------------|-------------------|-------------------|
|                                      | <b>31.03.2015</b> | <b>31.03.2014</b> |
|                                      | <b>Rs.</b>        | <b>Rs.</b>        |
| AC Generators                        | 3,461,167,032     | 3,172,486,377     |
| AC Generator Spares                  | 298,859,700       | 299,045,411       |
| Power Business Inland                | 235,848,797       | 98,245,646        |
| Power Business Overseas Japan Branch | 158,652,578       | 313,028,356       |
| Power Business Overseas Japan WOS    | 504,055,330       | 155,144,425       |

## Notes on Consolidated Financial Statement for the year ended March 31, 2015 (contd.)

|   | Year Ended<br>31.03.2015<br>Rs. | Year Ended<br>31.03.2014<br>Rs. |
|---|---------------------------------|---------------------------------|
| <b>Revenue from Operations (contd.)</b>   |                                 |                                 |
| Power Business Inland - EPC   | 1,314,183,219                   | 1,089,221,016                   |
| Reserve for Future Contract - Add / ( Less )                                      | 262,380,685                     | 128,979,908                     |
| <b>Total</b>  | <b>6,235,147,341</b>            | <b>5,256,151,139</b>            |
| <b>Sale of services</b>   | 265,728,674                     | 75,451,729                      |
| <b>Other operating revenues</b>   | 51,421,455                      | 43,874,041                      |
| <b>Total</b>  | <b>6,552,297,470</b>            | <b>5,375,476,909</b>            |
| Less  |                                 |                                 |
| Intersegmental sales  | 78,404,308                      | 174,979,478                     |
| Intercompany  | 282,131,368                     | 112,938,487                     |
| Excise duty   | 217,342,599                     | 285,261,021                     |
| <b>Total</b>  | <b>5,974,419,195</b>            | <b>4,802,297,923</b>            |
| <br><b>20. OTHER INCOME</b>   |                                 |                                 |
| Interest income on Bank Deposits  | 186,815,299                     | 214,601,204                     |
| Dividend Income: Long term investments  | 6,000                           | 5,994                           |
| Profit on sale of fixed assets  | 469,677                         | -                               |
| Provision no longer required withdrawn  | 38,633,285                      | 936,809                         |
| Other non operating income (net of expenses directly attributable to such income) | 19,090,963                      | 125,436,273                     |
| <b>Total</b>  | <b>245,015,224</b>              | <b>340,980,281</b>              |
| <br><b>21. COST OF MATERIALS CONSUMED</b>   |                                 |                                 |
| Consumption of raw materials  | 2,376,057,609                   | 2,412,981,328                   |
| Consumption of stores and spare parts   | 38,056,420                      | 24,441,350                      |
| <b>Total</b>  | <b>2,414,114,029</b>            | <b>2,437,422,678</b>            |
| Consumption of major raw materials  |                                 |                                 |
| Copper (wires, strips, rods, sheet etc.)  | 400,749,595                     | 405,341,078                     |
| Steel/ Laminations  | 370,655,308                     | 324,523,011                     |
| Shaft Forgings  | 133,360,485                     | 132,239,080                     |
| Others  | 1,471,292,221                   | 1,550,878,159                   |
| <b>Total</b>  | <b>2,376,057,609</b>            | <b>2,412,981,328</b>            |
| <b>Purchases for Projects &amp; EPC Business</b>                                  | <b>2,001,843,924</b>            | <b>1,316,193,410</b>            |
| <br><b>22. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS</b>         |                                 |                                 |
| Stocks at the end of the year   |                                 |                                 |
| Work in progress: A C Generators  | 368,985,660                     | 502,714,353                     |
| Finished goods: A C Generators  | 35,019,368                      | 17,949,689                      |
| <b>Total</b>  | <b>404,005,028</b>              | <b>520,664,042</b>              |
| Less: Stocks at the beginning of the year   |                                 |                                 |
| Work in progress: A C Generators  | 502,714,353                     | 269,820,563                     |
| Finished goods: A C Generators  | 17,949,689                      | 13,699,476                      |
| <b>Total</b>  | <b>520,664,042</b>              | <b>283,520,039</b>              |
| <b>Net (Increase) / Decrease in Stock</b>   | <b>116,659,014</b>              | <b>(237,144,003)</b>            |

Notes on Consolidated Financial Statement for the year ended March 31, 2015 (contd.)

|  | Year Ended<br>31.03.2015<br>Rs. | Year Ended<br>31.03.2014<br>Rs. |
|--|---------------------------------|---------------------------------|
| <b>23. EMPLOYEE BENEFIT EXPENSES</b>                         |                                 |                                 |
| Salaries and wages   | 469,372,366                     | 440,110,324                     |
| Contribution to provident and other funds                    | 48,776,588                      | 42,096,469                      |
| Remuneration to whole time directors including contributions | 32,251,834                      | 44,559,342                      |
| Staff welfare expenses                                       | 101,926,383                     | 79,865,248                      |
| <b>Total</b>   | <b>652,327,171</b>              | <b>606,631,383</b>              |
| <b>24. FINANCE COSTS</b>                                     |                                 |                                 |
| Interest expense   | 38,868,804                      | 36,140,140                      |
| <b>Total</b>   | <b>38,868,804</b>               | <b>36,140,140</b>               |
| <b>25. DEPRECIATION AND AMORTIZATION</b>                     |                                 |                                 |
| Depreciation   | 275,313,471                     | 149,519,120                     |
| Amortization of intangible assets                            | 12,315,575                      | -                               |
| <b>Total</b>   | <b>287,629,046</b>              | <b>149,519,120</b>              |
| <b>26. OTHER EXPENSES</b>                                    |                                 |                                 |
| Power and fuel   | 61,566,693                      | 67,485,842                      |
| Rent   | 22,291,243                      | 23,441,330                      |
| Repairs and maintenance                                      |                                 |                                 |
| Buildings  | 12,784,830                      | 6,158,941                       |
| Machinery  | 22,319,844                      | 13,577,089                      |
| Others   | 11,138,587                      | 10,166,222                      |
| Insurance  | 14,189,394                      | 12,022,737                      |
| Rates and taxes  | 2,229,005                       | 2,062,735                       |
| Payment to the auditors                                      |                                 |                                 |
| as auditor   | 2,065,000                       | 1,897,500                       |
| for taxation matters   | 840,000                         | 700,000                         |
| for other services   | 822,444                         | 537,617                         |
| Selling expenses   | 60,834,396                      | 46,195,010                      |
| Provision for doubtful trade receivables                     | 152,886,242                     | -                               |
| Loss on sale of fixed asset                                  | 278,668                         | 1,897,581                       |
| Donations  | 763,991                         | 804,000                         |
| Legal and professional charges                               | 57,489,806                      | 67,482,871                      |
| Directors sitting fees                                       | 1,326,744                       | 1,304,272                       |
| Travelling and Conveyance                                    | 129,435,931                     | 137,060,520                     |
| Bank Charges   | 23,609,503                      | 25,656,961                      |
| Foreign Exchange Fluctuation                                 | -                               | 1,699,415                       |
| Postage, Telegrams and Telephones                            | 12,127,088                      | 12,469,747                      |
| Royalty  | 6,422,197                       | 1,582,808                       |
| Software Expenses on ERP                                     | 16,964,156                      | 16,372,685                      |
| Manufacturing Expenses                                       | 14,707,260                      | 11,231,924                      |
| Vehicle Maintenance  | 8,066,798                       | 6,775,103                       |

## Notes on Consolidated Financial Statement for the year ended March 31, 2015 (contd.)

|  | Year Ended<br>31.03.2015<br>Rs. | Year Ended<br>31.03.2014<br>Rs. |                      |                   |
|--|---------------------------------|---------------------------------|----------------------|-------------------|
| <b>Other Expenses (contd.)</b>   |                                 |                                 |                      |                   |
| Advertisement  | 3,062,189                       | 3,095,133                       |                      |                   |
| Printing & Stationary  | 8,499,258                       | 7,643,746                       |                      |                   |
| Subscription to Technical Associations, Journals & Magazines   | 1,697,538                       | 1,657,285                       |                      |                   |
| <b>Total</b>   | <b>648,418,805</b>              | <b>480,979,074</b>              |                      |                   |
| <b>27. ADDITIONAL INFORMATION</b>  |                                 |                                 |                      |                   |
| Value of Imports calculated on CIF basis   |                                 |                                 |                      |                   |
| Raw Materials  | 490,417,866                     | 605,053,755                     |                      |                   |
| Capital goods  | 13,690,613                      | 274,530,378                     |                      |                   |
| Expenditure in foreign currency: (net of withholding tax)  |                                 |                                 |                      |                   |
| Others - On Payment Basis  | 87,701,918                      | 30,789,400                      |                      |                   |
| Capital Equipment Purchased  | 31,544,012                      | 136,454,137                     |                      |                   |
|  | <b>Amount (Rs.)</b>             | <b>% to total</b>               | <b>Amount (Rs.)</b>  | <b>% to total</b> |
| Value of imported raw materials, spare parts and components consumed   | 492,684,179                     | 19.96%                          | 381,261,870          | 17.33%            |
| Value of indigenous raw materials, spare parts and components consumed   | 1,976,227,964                   | 80.04%                          | 1,819,016,805        | 82.67%            |
| <b>Total</b>   | <b>2,468,912,143</b>            | <b>100.00%</b>                  | <b>2,200,278,675</b> | <b>100.00%</b>    |
| Details of non-resident shareholdings  |                                 |                                 |                      |                   |
| Number of non-resident shareholders  | 65                              |                                 | 39                   |                   |
| Number of shares held by non-resident shareholders   | 8,183,185                       |                                 | 12,078,065           |                   |
| Earnings in foreign exchange   |                                 |                                 |                      |                   |
| Export of goods calculated on FOB basis  | 1,440,949,582                   |                                 | 1,301,063,308        |                   |
| Royalty, Know-how, professional and consultancy fees   | 8,561,260                       |                                 | -                    |                   |
| Other Income   | 1,054,622                       |                                 | -                    |                   |
| <b>28. EARNINGS PER SHARE</b>  |                                 |                                 |                      |                   |
| Profit / (Loss) for the year after tax expense   | (8,283,814)                     |                                 | 224,022,058          |                   |
| Weighted average number of equity shares   | 33,237,588                      |                                 | 33,237,588           |                   |
| <b>Earning per share</b>   | <b>(0.25)</b>                   |                                 | <b>6.74</b>          |                   |
| <b>29. DISCLOSURES AS PER ACCOUNTING STANDARD 15 "EMPLOYEE BENEFITS"</b>   |                                 |                                 |                      |                   |
| <b>Defined Contribution Plan</b>   |                                 |                                 |                      |                   |
| Employer's Contribution to Provident Fund & Pension Scheme   | 23,649,543                      |                                 | 24,659,208           |                   |
| Employer's Contribution to Superannuation Fund   | -                               |                                 | -                    |                   |
| <b>Defined Benefit Plan</b>  |                                 |                                 |                      |                   |
| The employees' gratuity fund scheme managed by a trust is a defined benefit plan. The Present value of obligation is determined based on actuarial valuation using the projected unit credit method. |                                 |                                 |                      |                   |

Notes on Consolidated Financial Statement for the year ended March 31, 2015 (contd.)

|   | Current Year<br>(Rs.)  |  | Previous Year<br>(Rs.)  |  |
|---|------------------------|--|-------------------------|--|
|   | Gratuity<br>(Funded)   | Leave<br>(Unfunded)  | Gratuity<br>(Funded)    | Leave<br>(Unfunded)  |
| <b>Disclosures as per Accounting Standard 15<br/>"Employee Benefits" (contd.)</b>   |                        |  |                         |  |
| <b>Defined Benefit obligation at beginning of the reporting period</b>  |                        |  |                         |  |
| Current Service Cost  | 36,622,843             | 39,958,869   | 29,487,753              | 36,085,280   |
| Interest Cost   | 5,471,999              | 20,053,913   | 4,763,698               | 9,062,995  |
| Acquisition adjustment  | 2,948,745              | 3,446,649  | 2,374,334               | 2,820,528  |
| Actuarial (gain)/ loss  | -                      | -  | -                       | -  |
| Benefits Paid   | 2,081,150              | (10,373,013)   | 1,797,454               | (4,632,675)  |
| Defined Benefit obligation at end of the reporting period   | (3,804,817)            | (5,395,516)  | (1,800,397)             | (3,377,259)  |
| <i>Obligations at end of the period -Current</i>  | 43,319,920             | 47,690,902   | 36,622,842              | 39,958,869   |
| <i>Obligations at end of the period -Non -Current</i>   | 3,981,570              | 4,924,900  | 3,184,991               | 5,135,700  |
|   | 39,338,350             | 42,766,002   | 33,437,851              | 34,823,169   |
| <b>Reconciliation of opening and closing balance of fair value of plan assets</b>   |                        |  |                         |  |
| Fair value of plan assets at beginning of the reporting period  | 51,759,730             | -  | 39,390,514              | -  |
| Acquisition adjustment  | -                      | -  | -                       | -  |
| Expected return on plan assets  | 4,679,419              | -  | 3,556,121               | -  |
| Employer Contribution   | 6,780,874              | -  | 10,728,158              | -  |
| Benefits paid   | (3,804,817)            | -  | (1,800,397)             | -  |
| Actuarial gain/(loss)   | 122,226                | -  | (114,666)               | -  |
| Fair value of plan assets at reporting period   | 59,537,432             | -  | 51,759,730              | -  |
| <b>Reconciliation of fair value of assets &amp; obligations</b>   |                        |  |                         |  |
| Fair value of plan assets   | 59,537,432             | -  | 51,759,730              | -  |
| Present value of obligation   | (43,319,920)           | -  | (36,622,842)            | -  |
| Funded assets in excess of obligation of prior years  | (16,217,512)           | -  | (15,136,888)            | -  |
| Amount recognised in B/S under liabilities  | -                      | -  | -                       | -  |
| <b>Expense recognised during the year</b>   |                        |  |                         |  |
| Current Service Cost  | 8,445,051              | 20,053,913   | 7,243,380               | 9,062,995  |
| Interest Cost   | 2,948,745              | 3,446,649  | 2,374,334               | 2,820,528  |
| Expected return on plan assets  | (4,679,419)            | -  | (3,556,121)             | -  |
| Actuarial (gain)/ loss  | 1,958,924              | (10,373,013)   | 1,912,120               | (4,632,675)  |
| <b>Net Cost</b>   | 8,673,301              | 13,127,549   | 7,973,713               | 7,250,848  |
| <b>Actuarial assumptions</b>  |                        |  |                         |  |
| Mortality Table   | 1994 -96<br>(Ultimate) | Indian Assured<br>Lives Mortality<br>(2006-08)<br>(modified) ULT | 1994 - 96<br>(Ultimate) | Indian Assured<br>Lives Mortality<br>(2006-08)<br>(modified) ULT |
| Discount rate (per annum)   | 7.80%                  | 7.80%  | 8.00%                   | 8.20%  |
| Expected rate of return on plan assets (per annum)  | 8.00%                  | NA   | 8.00%                   | NA   |
| Rate of escalation in salary (per annum)  | 7.00%                  | 7.00%  | 7.00%                   | 7.00%  |
| The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is as certified by the actuary. |                        |  |                         |  |



## Notes on Consolidated Financial Statement for the year ended March 31, 2015 (contd.)

### 30. SEGMENT REPORTING

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

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

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

Current Year (Amt in Rs.)

| PRIMARY SEGMENT   | Manufacturing        | Project Business   | EPC                  | Common              | Total                |
|---|----------------------|--------------------|----------------------|---------------------|----------------------|
| <b>Segment Revenues</b>   |                      |                    |                      |                     |                      |
| External Revenues   | 3,767,595,957        | 990,795,010        | 1,576,563,904        | -                   | 6,334,954,871        |
| Intersegment/Company revenues   | (78,404,308)         | -                  | -                    | -                   | (78,404,308)         |
| Intercompany  | (282,131,368)        | -                  | -                    | -                   | (282,131,368)        |
| <b>Total Revenues</b>   | <b>3,407,060,281</b> | <b>990,795,010</b> | <b>1,576,563,904</b> | <b>-</b>            | <b>5,974,419,195</b> |
| <b>Segment Results</b>  |                      |                    |                      |                     |                      |
| Profit Before Taxation and Interest                                   | 401,731,990          | 17,443,037         | (240,448,418)        | (37,670,357)        | 141,056,252          |
| Less: Interest  | 36,753,013           | 446,492            | 1,669,299            | -                   | 38,868,804           |
| Less: Depreciation & Amortization                                     | 280,418,639          | 257,937            | 6,660,143            | 292,327             | 287,629,046          |
| <b>Total</b>  | <b>84,560,338</b>    | <b>16,738,608</b>  | <b>(248,777,860)</b> | <b>(37,962,684)</b> | <b>(185,441,598)</b> |
| <b>Unallocable &amp; Other Income (including Extraordinary items)</b> |                      |                    |                      |                     |                      |
| Less: Tax   | 80,386,285           | 32,614,910         | -                    | 132,014,029         | 245,015,224          |
|   | 60,406,873           | 7,310,481          | -                    | 140,086             | 67,857,440           |
| <b>Total Profit</b>   | <b>104,539,750</b>   | <b>42,043,037</b>  | <b>(248,777,860)</b> | <b>93,911,259</b>   | <b>(8,283,814)</b>   |

Previous Year (Amt in Rs.)

|   |                      |                     |                      |                     |                      |
|---|----------------------|---------------------|----------------------|---------------------|----------------------|
| <b>Segment Revenues</b>   |                      |                     |                      |                     |                      |
| External Revenues   | 3,258,585,376        | 613,429,588         | 1,218,200,924        | -                   | 5,090,215,887        |
| Intersegment revenues   | (174,979,478)        | -                   | -                    | -                   | (174,979,478)        |
| Intercompany  | (112,938,487)        | -                   | -                    | -                   | (112,938,487)        |
| <b>Total Revenues</b>   | <b>2,970,667,410</b> | <b>613,429,588</b>  | <b>1,218,200,924</b> | <b>-</b>            | <b>4,802,297,923</b> |
| <b>Segment Results</b>  |                      |                     |                      |                     |                      |
| Profit Before Taxation and Interest                                   | 368,526,188          | (17,842,950)        | (119,334,992)        | (33,132,864)        | 198,215,382          |
| Less: Interest  | 36,046,742           | 1,209               | 91,739               | 450                 | 36,140,140           |
| Less: Depreciation & Amortization                                     | 145,349,188          | 722,474             | 3,155,131            | 292,327             | 149,519,120          |
| <b>Total</b>  | <b>187,130,257</b>   | <b>(18,566,632)</b> | <b>(122,581,862)</b> | <b>(33,425,641)</b> | <b>12,556,122</b>    |
| <b>Unallocable &amp; Other Income (including Extraordinary items)</b> |                      |                     |                      |                     |                      |
| Less: Tax   | 113,145,083          | 78,487,866          | -                    | 149,347,332         | 340,980,281          |
|   | 115,166,309          | 11,303,369          | -                    | (14,433)            | 126,455,245          |
| <b>Total Profit</b>   | <b>185,109,031</b>   | <b>48,617,865</b>   | <b>(122,581,862)</b> | <b>115,936,123</b>  | <b>227,081,158</b>   |

Notes on Consolidated Financial Statement for the year ended March 31, 2015 (contd.)

Segment Reporting (contd.)

(Amt in Rs.)

|   | Manufacturing | Project Business | EPC           | Common        | Total         |
|---|---------------|------------------|---------------|---------------|---------------|
| <b>Segment Assets -Current Year</b>                         | 5,028,122,063 | 855,757,001      | 535,257,033   | 2,542,059,291 | 8,961,195,388 |
| Previous Year (2013-2014)                                   | 5,388,912,005 | 588,717,904      | 1,338,311,576 | 2,364,076,421 | 9,680,017,906 |
| <b>Segment Liabilities -Current Year</b>                    | 1,554,107,189 | 624,866,370      | 969,531,398   | 15,677,212    | 3,164,182,169 |
| Previous Year (2013-2014)                                   | 1,569,644,108 | 355,371,467      | 1,885,636,516 | 18,147,036    | 3,828,799,127 |
| <b>Capital Expenditure (Net of disposal) - Current Year</b> | 817,916,930   | -                | (1,864,226)   | -             | 816,052,704   |
| Previous Year (2013-2014)                                   | 325,119,284   | -                | 15,541,465    | -             | 340,660,749   |

GEOGRAPHICAL SEGMENT

|                             | Segment revenue by Geographical Market |                      |
|-----------------------------|--|----------------------|
|                             | Current Year Rs.                       | Previous Year Rs.    |
| Sales of India              | 5,476,405,260                          | 4,276,977,259        |
| Sales of overseas           | 858,549,611                            | 813,238,628          |
| Less: Inter-segmental sales | (78,404,308)                           | (174,979,478)        |
| Less: Inter-company         | (282,131,368)                          | (112,938,487)        |
| <b>Total</b>                | <b>5,974,419,195</b>                   | <b>4,802,297,923</b> |

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

|                       | Carrying amounts of segment assets (Amt in Rs.) |                      | Additions to fixed assets & Intangible assets (Amt in Rs.) |                    |
|-----------------------|---|----------------------|--|--------------------|
|                       | As at 31.03.2015                                | As at 31.03.2014     | As at 31.03.2015   | As at 31.03.2014   |
| Located in India      | 8,007,366,647                                   | 8,863,877,294        | 815,401,990  | 331,950,766        |
| Located outside India | 953,828,741                                     | 816,140,612          | 650,714  | 8,709,982          |
| <b>Total</b>          | <b>8,961,195,388</b>                            | <b>9,680,017,906</b> | <b>816,052,704</b>   | <b>340,660,749</b> |

31. RELATED PARTIES DISCLOSURE

| Name of the Related Party | Relationship                         |
|---------------------------|--------------------------------------|
| Nikhil Kumar              | Key Managerial Personnel             |
| Hitoshi Matsuo            | Key Managerial Personnel             |
| Mohib N. Khericha         | Key Managerial Personnel             |
| G. S. Raju                | Key Managerial Personnel             |
| Pavan Ganapati Raju       | Relative of Key Managerial Personnel |
| B. C. Harish              | Key Managerial Personnel             |
| Tadao Kuwashima           | Key Managerial Personnel             |

## Notes on Consolidated Financial Statement for the year ended March 31, 2015 (contd.)

## Related Parties Disclosure (contd.)

(Amt in Rs.)

| Nature of transactions                | Key Managerial Personnel and their Relatives |            | Enterprises over which Key Managerial Personnel and their Relatives are able to exercise significant influence |
|---------------------------------------|--|------------|--|
|                                       | 2015   | 2014       |  |
| Directors Remuneration and Commission |  |            |  |
| Nikhil Kumar                          | 22,818,400                                   | 24,590,104 | -  |
| Hitoshi Matsuo                        | 3,013,487                                    | 9,620,438  | -  |
| Directors Remuneration                |  |            |  |
| Tadao Kuwashima                       | -  | 10,348,800 | -  |
| Remuneration Paid (CEO)               |  |            |  |
| G. S. Raju                            | 7,259,100                                    | 11,847,133 | -  |
| B. C. Harish                          | 3,750,000                                    | -          | -  |
| Directors Sitting fees                |  |            |  |
| Mohib N. Khericha                     | 320,000                                      | 360,000    | -  |
| Hitoshi Matsuo                        | 40,000                                       | 200,000    | -  |
| Lease Rent Paid                       |  |            |  |
| Mohib N. Khericha                     | 2,700,000                                    | 2,700,000  | -  |
| Rent Paid (including service tax)     |  |            |  |
| G. S. Raju                            | 198,444                                      | 189,018    | -  |
| Pavan Ganapati Raju                   | 77,175                                       | 178,139    | -  |

## 32. OPERATING LEASES

The Company has various operating leases for office facilities, guesthouse and residential premises of employees that are renewable on a periodic basis, and cancelable at its option. Rental expenses for operating leases included in the financial statements for the year are Rs. 22,291,243/- (Previous year Rs. 23,441,330/-).

## 33. WARRANTY CLAIMS AND COMPENSATED LEAVE / SICK LEAVE ENCASHMENT

As at 31.03.2015  
(Amt in Rs.)

Provision for warranties are made on estimated basis

|  | Warranty claims | Compensated leave / Sick Leave |
|--|-----------------|--------------------------------|
| Balance outstanding at the beginning of the year       | 16,726,646      | -                              |
| Provision for the year                                 | 3,367,852       | 1,288,810                      |
| Utilized during the year                               | -               | -                              |
| Withdrawn and credited to Statement of Profit and Loss | -               | -                              |
| Balance outstanding at the end of the year             | 20,094,498      | 1,288,810                      |

INTENTIONALLY LEFT BANK

Notes on Consolidated Financial Statement for the year ended March 31, 2015 (contd.)

| 34. FOREIGN CURRENCY EXPOSURES       | As at 31.03.2015 |             | As at 31.03.2014 |             |
|--------------------------------------|------------------|-------------|------------------|-------------|
|                                      | In USD           | In Rupees   | In USD           | In Rupees   |
| <b>Hedged</b>                        |                  |             |                  |             |
| Sell Contracts                       |                  |             |                  |             |
| USD (Hedge of expected future sales) | 1,657,390.40     | 108,285,119 | -                | -           |
| <b>Unhedged</b>                      |                  |             |                  |             |
| Assets (Receivables)                 |                  | 657,877,894 |                  | 768,881,217 |
| Liabilities (payables)               |                  | 509,243,958 |                  | 485,072,606 |

**35. THE DISCLOSURE AS PER REVISED AS-7 IN RESPECT OF CONTRACT IN PROGRESS AT THE END OF YEAR**

|  |               | (Amt in Rs.)   |
|--|---------------|----------------|
| Contract revenue   | 8,101,802,020 | 15,849,824,937 |
| Cost incurred  | 7,655,003,109 | 13,511,884,009 |
| Recognised profit ( Less recognized losses )                   | 446,798,911   | 2,337,940,928  |
| Amount of advance received                                     | 42,323,260    | 551,292,787    |
| Amount of retentions (Deferred debts )                         | 386,050,533   | 320,069,348    |
| In respect of dues from customer after appropriate netting off |               |                |
| Gross amount due from customer for contract work as an asset   | 238,555,722   | 540,504,250    |
| Gross amount due to customer for contract work as liability    |               |                |
| Contingencies  | -             | -              |

**36. CORPORATE SOCIAL RESPONSIBILITY**

**A** 1. Gross amount required to be spent by TD Power Systems Limited during the year -  
Rs. 6,370,499/-

2. Amount spent during the year on

(Amt in Rs.)

| Sl. Towards No.                          | Spent   | To be spent | Total     |
|--|---------|-------------|-----------|
| 1. Construction/acquisition of any asset | -       | -           | -         |
| 2. On purposes other than (1) above      | 393,260 | 5,977,239   | 6,370,499 |

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

2. Amount spent during the year on

(Amt in Rs.)

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

**37. a.** The Group does not have any pending litigations which would impact its financial position as on the reporting date.

**b.** The Group has made provision, as required under the accounting standards, for material foreseeable losses, on long term contracts in respect of its wholly owned Indian subsidiary. The Company did not have any derivative contracts for which there were any material foreseeable losses.

## Notes on Consolidated Financial Statement for the year ended March 31, 2015 (contd.)

- c. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Group as on the reporting date.
- d. Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary / Associates / Joint Ventures.

| Name of the Entity in CFS        | Net Assets i.e., total assets minus total liabilities |                     | Share in profit or loss             |                   |
|----------------------------------|---|---------------------|-------------------------------------|-------------------|
|                                  | As % of Consolidated net assets                       | Amount (Thousand)   | As % of Consolidated profit or loss | Amount (Thousand) |
| <b>Parent</b>                    |   |                     |                                     |                   |
| TD Power Systems Limited         | 94.09   | 4,648,315.90        | (2047.71)                           | 169,628.63        |
| <b>Subsidiaries</b>              |   |                     |                                     |                   |
| <b>Indian</b>                    |   |                     |                                     |                   |
| DF Power Systems Private Limited | 5.39  | 266,450.18          | 2142.53                             | (177,482.89)      |
| <b>Foreign</b>                   |   |                     |                                     |                   |
| TD Power Systems (USA) Inc       | (0.13)  | (6,677.64)          | 175.72                              | (14,556.64)       |
| TD Power Systems Japan Limited   | 0.65  | 32,309.97           | (170.54)                            | 14,127.09         |
| <b>Total</b>                     | <b>100.00</b>   | <b>4,940,398.41</b> | <b>100.00</b>                       | <b>(8,283.81)</b> |

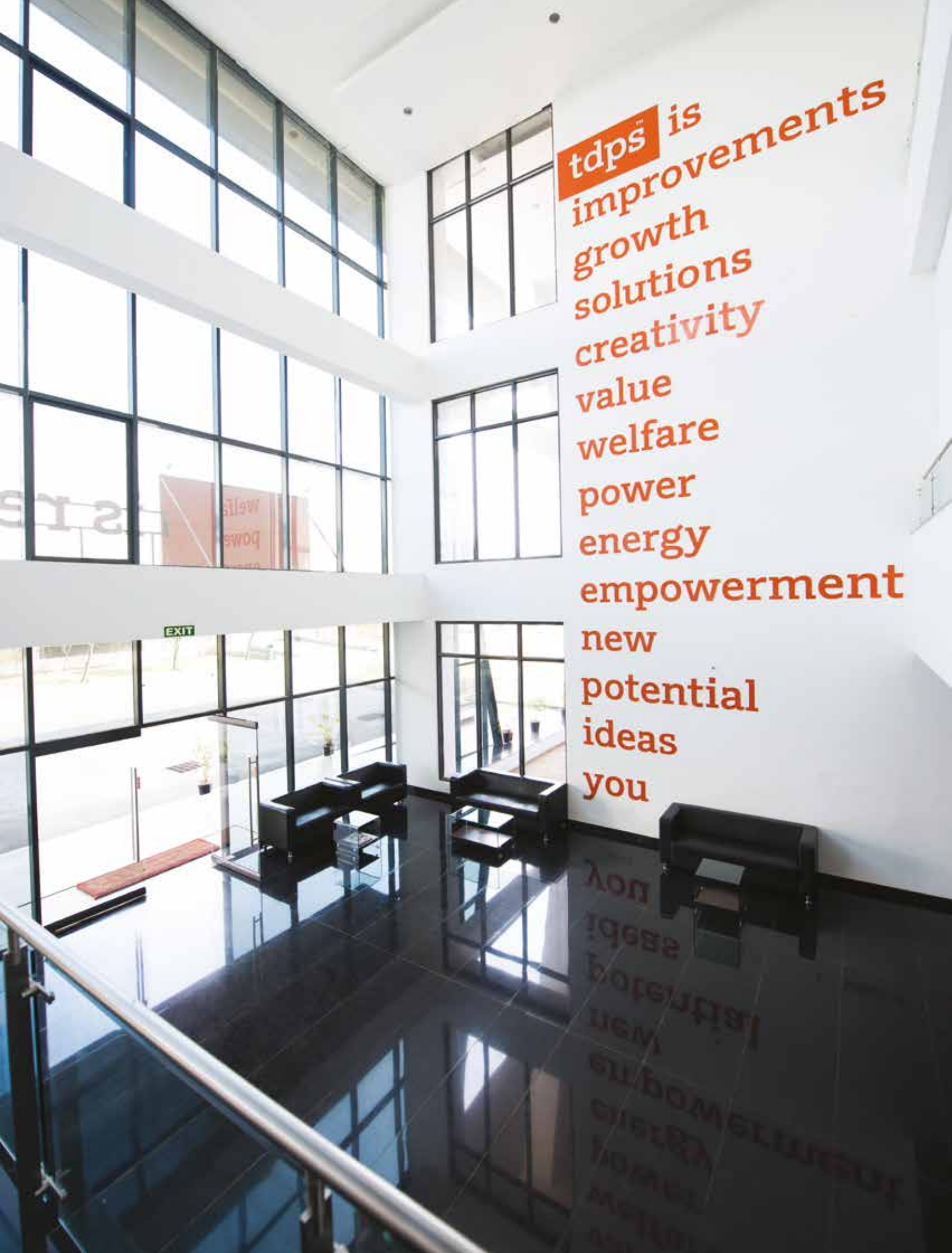
- e. Previous Year figures have been regrouped wherever required in conformity with the presentation for the current reporting period.

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**TD Power Systems Limited**

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