

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

www.tdps.co.in

tdpsTM is

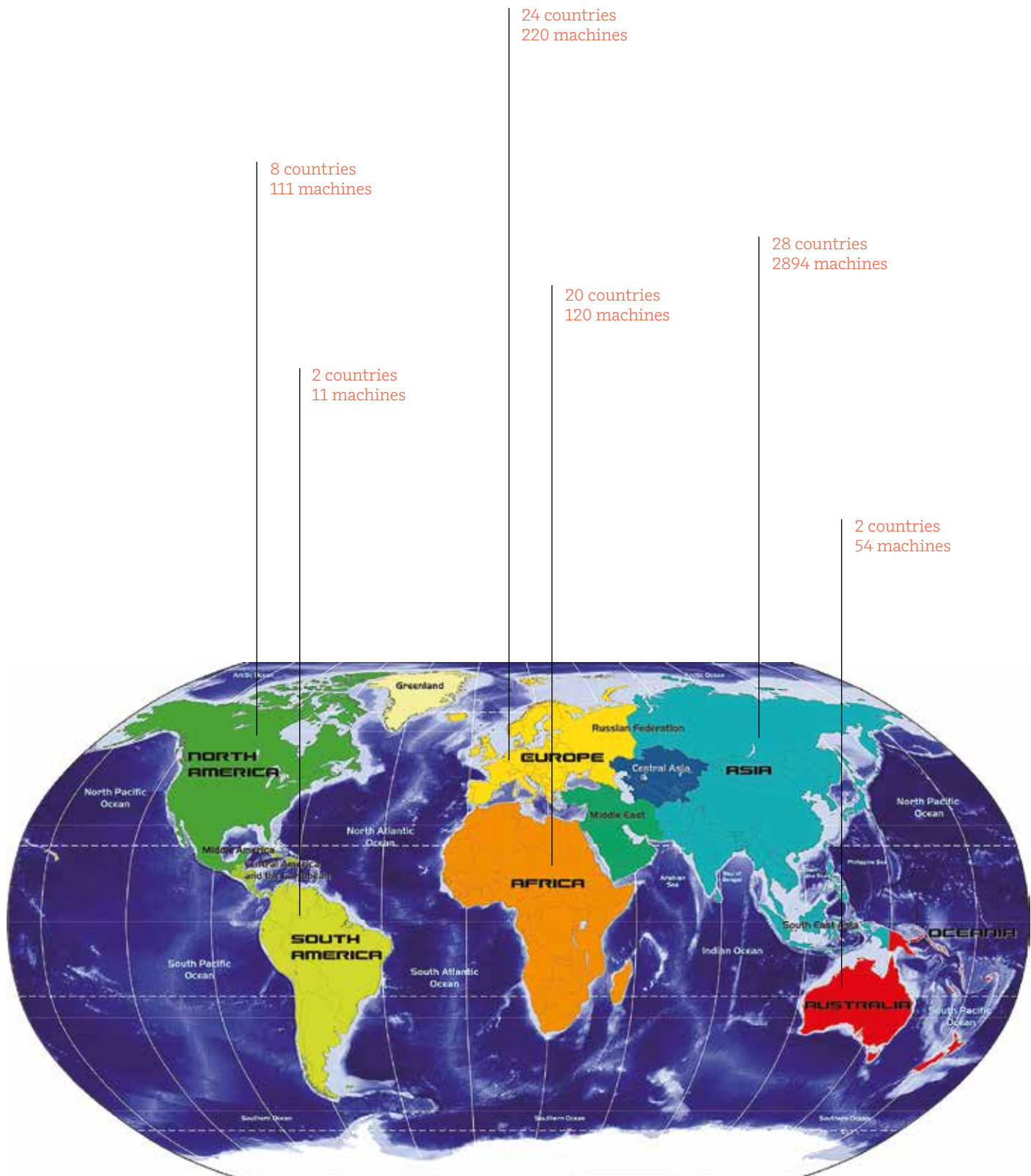
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Annual Report
2017



is global

“Over 3000 + generators are installed in 80+countries across the globe spanning Asian, European, American & African continents”.



COMPANY INFORMATION

www.tdps.co.in

CIN: L31103KA1999PLC025071

Registered Office & Unit 1

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

Unit 2

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

Japan Branch Office

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

Wholly Owned Subsidiaries

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

Bankers

Bank of Baroda
Standard Chartered Bank
ICICI Bank Limited

Auditors

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

Board of Directors

Chairman

Mohib N. Khericha

Managing Director

Nikhil Kumar

Director and CFO

K. G. Prabhakar

Independent Directors

Arjun Kalyanpur
Nitin Bagamane
Ravi Kanth Mantha
Nandita Lakshmanan-
(Till 10/08/2017)

Company Secretary

N. Srivatsa

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DIRECTORS' REPORT

Dear Members

Your Directors have pleasure in presenting the Eighteenth Annual Report (Boards' Report) together with the Audited Financial Statements of the Company (Company or TDPS) for the financial year ended March 31, 2017.

Financial Results

| | For the year ended March 31, 2017 (Rs. in Lakhs) | For the year ended March 31, 2016 (Rs. in Lakhs) |
|---|--|--|
| Revenue from operations & other Income | 38,738.07 | 47,436.15 |
| Operating Profit (EBITDA) | 3,247.46 | 5,011.73 |
| Finance cost | 406.17 | 481.45 |
| Depreciation & amortization | 2,772.21 | 2837.62 |
| Profit before Tax (PBT) | 69.08 | 1,692.66 |
| Tax expense | 60.18 | 194.78 |
| Profit after Tax (PAT) | 8.90 | 1,497.88 |
| Add: Surplus brought forward from the Previous Year | 21,066.62 | 20,911.63 |
| Available for appropriation | - | 22,409.51 |
| Appropriations | | |
| Provision for Dividends and Tax thereon | - | 1,220.12 |
| Transfer to General Reserves | - | 122.77 |
| Surplus carried to Balance Sheet | 21,075.52 | 21,066.62 |

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

During fiscal 2017, the company continued to experience challenging circumstances - an uncertain global environment, sluggish domestic market scenario, and severe competition both in the domestic & overseas markets. These challenges contributed to a lower total income of Rs. 38,738.07 lakhs in Fiscal 2017 (lower by 18.34%) as compared to Fiscal 2016. Net sales from manufacturing business was Rs. 30,912.57 lakhs compared to Rs. 35,925.91 lakhs in Fiscal 2016 contributing 79.80% of our Total Income in Fiscal 2017. Net sales from our Project Business was Rs. 6,031.46 lakhs compared to Rs. 9,609.10 Lakhs in Fiscal 2016 contributing 15.57% our Total Income in Fiscal 2017.

Exports and deemed exports contributed 67% of manufacturing Revenue in Fiscal 2017 as compared to 56% in Fiscal 2016 reflecting our continuing focus on growing our overseas markets. Your company continues to add new customers in steam, gas turbine, hydro & diesel segments in different parts of the world with a growing footprint of generator installations in over 80 countries worldwide .

Earnings Before interest, tax, depreciation & amortization (EBITDA) decreased by Rs 1,764.27 lakhs or 35.20% to Rs. 3,247.46 Lakhs in Fiscal 2017 as compared to Rs. 5,011.73 Lakhs in Fiscal 2016. Profit before tax and extraordinary items decreased by Rs. 1,623.58 Lakhs or 95.92%, to

Rs. 69.08 Lakhs in Fiscal 2017 from Rs. 1,692.66 Lakhs in Fiscal 2016 mainly due to reduced sales volumes. Profit after tax decreased by Rs. 1,488.98 Lakhs, or 99.41%, to Rs. 8.90 Lakhs in Fiscal 2017 from Rs. 1,497.88 Lakhs in Fiscal 2016.

The pending orders as of March 31, 2017 are Rs. 35,405.45 lakhs comprising of both manufacturing (Rs. 29,696.22 lakhs) and project business (Rs. 5,709.23 lakhs).

The net worth of the Company stands at Rs. 49,414.79 lakhs with the accretion of Rs. 8.9 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

In view of the reduced turnover and profits, the Directors have recommended a lower dividend of Rs. 1.80 per equity share for the year ended March 31, 2017 as against Rs. 3.05 per equity share for the year ended March 31, 2016. This Dividend is subject to approval of the shareholders at the forthcoming Annual General Meeting (AGM). The dividends will entail a payout of Rs. 720.07 lakhs including dividend distribution tax of Rs. 121.80 lakhs.

Directors' Report (contd.)

Particulars of contracts or arrangements made with related parties.

Particulars of contract or arrangement made 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 Board's report.

Management Discussion & Analysis

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

Corporate Governance Report

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

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

Declaration by Independent Director

The Company has received necessary declaration from Independent Director under Section 149 (7) of the Companies Act, 2013, that he/she met the criteria of independence laid down in section 149 (6) of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligation and Disclosure requirements) Regulations, 2015 (LODR).

Policy on Directors' appointment and remuneration

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

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

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

Subsidiaries

As on March 31, 2017, the Company has four (4) wholly owned subsidiaries - DF Power Systems Private Limited (an Indian Subsidiary), TD Power Systems (USA) Inc., in the United States of America, TD Power Systems Japan Limited, in Japan and TD Power Systems Europe GmbH in Germany.

During the year, the Board of Directors reviewed the affairs of the subsidiaries. In accordance with Section 129(3) of the Companies Act, 2013, read with Rule 8 of Companies (Accounts) Rules, 2014, the Company has prepared its consolidated financial 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. These documents will also be available for inspection during business hours at our registered office in Bengaluru, India.

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

Indian Subsidiary

During the year ended March 31, 2017, the Wholly Owned Subsidiary (WOS) DF Power Systems Private Limited completed the residual activities in respect of completed projects and has fulfilled all warranty obligations in respect of EPC contracts undertaken by it. For the year ended March 31, 2017 the WOS incurred a loss of Rs. 107.80 lakhs on a total revenue of Rs. 297.37 lakhs mainly due to fall in revenues consequent on scaling down of business.

US Subsidiary

The operations of this subsidiary have been revived during the second half of the year based on certain market opportunities which are promising. The Marketing team has been strengthened to meet market requirements which resulted in growing enquiry pipeline resulting in orders during the year. The operations of this Company during the year under report have resulted in revenue of Rs. 1,887.17 lakhs as compared to Rs 451.28 lacs in Fiscal 2016-an increase of about 318% over Fiscal 2016. This increased revenue has enabled the Company to reduce operating losses to Rs. 70.59 lakhs as compared to Rs 337.75 lacs in fiscal 2016 – a decrease of 79%.

Directors' Report (contd.)

Japan Subsidiary

Major activities of this subsidiary are now conducted through the Company's Branch office at Japan. Accordingly, the revenues for Fiscal 2017 has reduced to Rs. 932.28 lakhs as compared to Rs 2871.55 lacs In Fiscal 2016 with profit before tax of Rs. 22.06 lacs in Fiscal 2017 as compared to a loss of Rs 19.23 lacs in Fiscal 2016.

German Subsidiary

Certain orders were executed in steam & Hydro segment during the Fiscal 2017 resulting in a revenue of Rs. 167.77 lakhs as compared to Rs 1.19 lacs in fiscal 2016. The loss for the Fiscal 2017 is Rs. 282.83 lakhs mainly due to fixed overheads.

The market in Europe is mainly in the hydro segment from European customers. The Steam generators market is improving gradually. TDPS Europe has enhanced our market outreach in Europe improving access to European customers with potential to grow our order pipeline.

Internal Financial Control

The Company has designed and implemented a process driven framework for Internal Financial Controls ("IFC") within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2017, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weakness exists. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and/or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

Directors' Responsibility Statement

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

- In the preparation of the annual accounts for the financial year ended March 31, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for

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

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

Board of Directors' & Key Managerial Personnel

Board of Directors ("The Board")

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.

Mr. K G Prabhakar (DIN 07187463) who was appointed as whole time Director of the company for a term of three years up to June 28, 2018 is proposed to be reappointed for a further term of 3 years subject to approval of the shareholders of the Company at the ensuing AGM of the company.

A brief resume and other details of Mr. Mohib N Khericha and Mr. K G Prabhakar as required under the Listing Regulations, Companies Act, 2013 and Secretarial Standard are provided form part of Corporate Governance Report/ Notice of 18th AGM.

Key Managerial personnel

The services of Mr. N Srivatsa as Company Secretary and Compliance Officer has been extended for 4 years with effect from February 19, 2017. Consequent to the re appointment of Mr. N Srivatsa as Company Secretary and Compliance Officer, he has been appointed as Key Managerial Personnel (KMP) pursuant to the provisions of Section 203 of the Companies Act, 2013 and Rules thereunder, effective February 19, 2017 for 4 years.

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

Risk Management Policy

Pursuant to Section 134 (n) of the Companies Act, 2013 and Regulation 21 of SEBI (Listing Obligations and Disclosure

Directors' Report (contd.)

Requirements) Regulations, 2015, a Risk Management committee of the Board of directors of the Company has been constituted. The details of the committee and its terms of reference are set out in the corporate governance report forming part of this report. While the Company has identified certain major risks and initiated appropriate measures to mitigate the said risks, a process to enhance the risk management framework is underway.

Audit Report

- The Auditors' report for the fiscal 2017 does not contain any qualification, reservation or adverse remark. The Auditors' Report is enclosed with the financial statements in this Annual Report.
- The Secretarial Auditors' report for the fiscal 2017 does not contain any qualification, reservation or adverse remark. The Secretarial Auditors' Report is enclosed Annexure 8 to the Board Report in this Annual Report.
- As provided in the Listing Regulations/LODR the certificate on corporate governance is enclosed to the Board's report. The said report does not contain any qualification, reservation or adverse remark.

Auditors

Statutory Auditors

The current statutory Auditors BK Ramadhyani & Co. LLP, Chartered Accountants retire at the ensuing AGM & are not eligible for reappointment due to mandatory rotation in terms of Section 139 of Companies Act 2013. Accordingly, the audit committee of the board has recommended the appointment of M/s. Varma & Varma, Chartered Accountants, Bangalore (Firm Registration No. 004532S) (Varma and Varma) as the statutory auditors of the company for a period of five consecutive years from the conclusion of the Eighteen Annual General Meeting of the company till the conclusion of 23rd Annual General Meeting subject to the approval of the shareholders of the company.

Secretarial Auditor

As required under Section 204 of the Companies Act, 2013 and Rules thereunder, the Board has appointed Mr. Sudhir V Hulyalkar, Practicing Company Secretary, Bangalore, as the Secretarial Auditor for the fiscal 2017.

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 appointed as Cost Auditors of the Company for the Financial Year 2017-18.

Disclosure

Extract of the Annual Return

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

Number of Board Meetings

The Board met four times during the Fiscal 2016-17. The details of which are given in the Corporate Governance report that forms part of this Annual Report. The maximum gap between any two meetings did not exceed 120 days, as prescribed by the Companies Act, 2013.

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

Information required under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 for the financial year ended 31st March 2017 in relation to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is given in the Annexure 4 forming an integral part of this Report.

Particulars of Loans, Guarantees or Investments

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

| Nature of Transaction | Date of Board Resolution/ Date of Transaction | Name of the person to whom it is made | Amount |
|-----------------------|---|---------------------------------------|-----------------|
| Loan | 06/08/2015/ 05/12/2016 | TD Power Systems (USA) Inc. | USD 1,00,000 |
| Investment | 03/02/2016 / 02/08/2016 | TD Power Systems Europe GmbH | Euro 75,000 |
| Investment | 03/02/2016 / 03/02/2017 | TD Power Systems Europe GmbH | Euro 100,000 |

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

Particulars of employees

The ratio of the remuneration of each whole- time Director and Key Managerial Personnel (KMP) to the median of employees' remuneration as per section in accordance with the provisions of Section 197(12) of the Companies

Directors' Report (contd.)

Act, 2013, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is appended as Annexure 5 to the Boards' Report.

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

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

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

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

Committees of the Board

As on March 31, 2017, the Board had four Committees: the Audit committee, the Nomination and Remuneration committee, the Stakeholders Relationship committee and the Corporate Social Responsibility Committee. The detailed note on composition of the Board and its committees excluding Corporate Social Responsibility Committee is disclosed in the Report on Corporate Governance forming part of this report.

Corporate Social Responsibility Committee

In accordance with the requirements of Section 135 of Companies Act, 2013, your Company has a Corporate Social Responsibility Committee, which comprises Mr. Ravi Kanth Mantha, Chairman, Mr. Nitin Bagamane and Mr. Nikhil Kumar as members of the Committee. The terms of reference of the Corporate Social Responsibility Committee is provided in the Corporate Governance Report. Your Company's Corporate Social Responsibility Policy (CSR Policy) is available on the website of the Company at www.tdps.co.in. Annual report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 has been appended as Annexure 7 and forms an integral part of this Report.

General

Your Directors state as follows

1. No significant or material orders were passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

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

Green Initiative

Electronic copies of the Annual Report 2016-17 and the Notice of the 18th Annual General Meeting are sent to all members whose email addresses are registered with the Company/Depository Participants. For members who have not registered their email addresses, physical copies are sent in the permitted mode.

Acknowledgement

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

For and on behalf of the Board of Directors

Bangalore
May 18, 2017

Mohib N. Khericha
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE - 1

FORM NO. MGT-9

Extract of Annual Return

As on the Financial Year ended on 31.03.2017

[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, Dabaspeta Nelamangala Taluk, Bangalore - 562111 srivatsa.n@tdps.co.in Ph: 080-2299 5700 |
| vi. | Whether listed Company | Yes |
| vii. | Name, Address and Contact details of Registrar and Transfer Agent | Link In time India Private Limited C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083 Tel No: +91 22 49186000 |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

| Sl. No. | Name and Description of main products / services | NIC Code of the product / service | % to total turnover of the Company |
|---------|--|-----------------------------------|------------------------------------|
| 1. | Manufacture of AC Generators | 31103 | 95 |
| 2. | Manufacture of Electric Motors | 31103 | Nil |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

Annexure to the Directors' Report (contd.)

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

i. Category-wise Shareholding

| Category of Shareholders | Shareholding at the beginning of the year (April 1, 2016) | | | | Shareholding at the end of the year (March 31, 2017) | | | | % Change during year |
|---|---|----------|-----------------|-------------------|--|----------|-----------------|-------------------|----------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Shareholding of Promoter and Promoter Group | | | | | | | | | |
| 1. Indian | | | | | | | | | |
| a. Individuals / HUF | 6485524 | 0 | 6485524 | 19.5126 | 8369624 | 0 | 8369624 | 25.1812 | 5.6686 |
| b. Central Government / State Government(s) | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| c. Financial Institutions / Banks | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| d. Any Other (Specify) | | | | | | | | | |
| Persons Acting In Concert | 3218352 | 0 | 3218352 | 9.6829 | 1334252 | 0 | 1334252 | 4.0143 | -5.6686 |
| Bodies Corporate | 5026433 | 0 | 5026433 | 15.1227 | 5026433 | 0 | 5026433 | 15.1227 | 0.0000 |
| Sub -Total (A) (1) | 14730309 | 0 | 14730309 | 44.3182 | 14730309 | 0 | 14730309 | 44.3182 | 0.0000 |
| 2. Foreign | | | | | | | | | |
| a. Individuals (Non-Resident Individuals/ Foreign Individuals) | 3235254 | 0 | 3235254 | 9.7337 | 3235254 | 0 | 3235254 | 9.7337 | 0.0000 |
| b. Government | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| c. Institutions | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| d. Foreign Portfolio Investor | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| e. Any Other (Specify) | | | | | | | | | |
| Sub -Total (A) (2) | 3235254 | 0 | 3235254 | 9.7337 | 3235254 | 0 | 3235254 | 9.7337 | 0.0000 |
| Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A) (2) | 17965563 | 0 | 17965563 | 54.0519 | 17965563 | 0 | 17965563 | 54.0519 | 0.0000 |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a. Mutual Funds / UTI | 6850257 | 0 | 6850257 | 20.6100 | 6737168 | 0 | 6737168 | 20.2697 | -0.3403 |
| b. Venture Capital Funds | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| c. Alternate Investment Funds | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| d. Foreign Venture Capital Investors | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| e. Foreign Portfolio Investor | 3733260 | 0 | 3733260 | 11.2320 | 1716795 | 0 | 1716795 | 5.1652 | -6.0668 |
| f. Financial Institutions / Banks | 5612 | 0 | 5612 | 0.0169 | 10489 | 0 | 10489 | 0.0316 | 0.0147 |
| g. Insurance Companies | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| h. Provident Funds / Pension Funds | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| i. Any Other (Specify) | | | | | | | | | |
| Sub Total (B) (2) | 10589129 | 0 | 10589129 | 31.8589 | 8464452 | 0 | 8464452 | 25.4665 | -6.3924 |

Annexure to the Directors' Report (contd.)

Shareholding Pattern (contd.)

| Category of Shareholders | Shareholding at the beginning of the year (April 1, 2016) | | | | Shareholding at the end of the year (March 31, 2017) | | | | % Change during year |
|---|---|---------------|-----------------|-------------------|--|----------|-----------------|-------------------|----------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| 2. Central Government/ State Government(s)/ President of India | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub Total (B)(2) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3. Non-Institutions | | | | | | | | | |
| a. Individuals | | | | | | | | | |
| i. Individual shareholders holding nominal share capital upto Rs. 1 lakh. | 1190190 | 2 | 1190192 | 3.5809 | 2045705 | 2 | 2045707 | 6.1548 | 2.5739 |
| Individual shareholders holding nominal share capital in excess of Rs. 1 lakh | 930012 | 0 | 930012 | 2.7981 | 1040469 | 0 | 1040469 | 3.1304 | 0.3323 |
| b. NBFCs registered with RBI | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| c. Employee Trusts | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| d. Overseas Depositories (holding DRs) (balancing figure) | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| e. Any Other (Specify) | | | | | | | | | |
| Hindu Undivided Family | 58544 | 0 | 58544 | 0.1761 | 219633 | 0 | 219633 | 0.6608 | 0.4847 |
| Foreign Companies | 0 | 876270 | 876270 | 2.6364 | 876270 | 0 | 876270 | 2.6364 | 0.0000 |
| Non Resident Indians (Non Repat) | 17674 | 0 | 17674 | 0.0532 | 29706 | 0 | 29706 | 0.0894 | 0.0362 |
| Non Resident Indians (Repat) | 60288 | 0 | 60288 | 0.1814 | 270330 | 0 | 270330 | 0.8133 | 0.6319 |
| Clearing Member | 65426 | 0 | 65426 | 0.1968 | 518989 | 0 | 518989 | 1.5615 | 1.3647 |
| Bodies Corporate | 1484490 | 0 | 1484490 | 4.4663 | 1806469 | 0 | 1806469 | 5.4350 | 0.9687 |
| Sub Total (B) (3) | 3806624 | 876272 | 4682896 | 14.0892 | 6807571 | 2 | 6807573 | 20.4815 | 6.3924 |
| Total Public Shareholding (B) = (B)(1) + (B)(2) + (B)(3) | 14395753 | 876272 | 15272025 | 45.9481 | 15272023 | 2 | 15272025 | 45.9481 | 0.0000 |
| Total (A)+(B) | 32361316 | 876272 | 33237588 | 100.0000 | 33237586 | 2 | 33237588 | 100.0000 | 0.0000 |
| c. Non Promoter -Non Public | | | | | | | | | |
| 1. Custodian/DR Holder | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| 2. Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014) | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| Total (A) + (B) + (C) | 32361316 | 876272 | 33237588 | 100.0000 | 33237586 | 2 | 33237588 | 100.0000 | |

Annexure to the Directors' Report (contd.)

Shareholding Pattern (contd.)

ii. Shareholding of Promoters

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year (April 1, 2016) | | | Shareholding at the end of the year (March 31, 2017) | | | % change in the shareholding during the year |
|---------|-------------------------------------|---|--------------------------------|--|--|--------------------------------|--|--|
| | | No of shares held | % of the shares of the company | % of shares pledged/encumbered to total shares | No of shares held | % of the shares of the company | % of shares pledged/encumbered to total shares | |
| 1. | Saphire Finman Services LLP. | 5026433 | 15.1227 | 0.0000 | 5026433 | 15.1227 | 0.0000 | 0.0000 |
| 2. | Nikhil Kumar | 4638664 | 13.9561 | 0.0000 | 4638664 | 13.9561 | 0.0000 | 0.0000 |
| 3. | Hitoshi Matsuo | 3235254 | 9.7337 | 0.0000 | 3235254 | 9.7337 | 0.0000 | 0.0000 |
| 4. | Sofia M. Khericha | 2084100 | 6.2703 | 0.0000 | 200000 | 0.6017 | 0.0000 | -5.6686 |
| 5. | Mohib N. Khericha | 1846860 | 5.5565 | 0.0000 | 3730960 | 11.2251 | 0.0000 | 5.6686 |
| 6. | Chartered Capital & Investment Ltd. | 1134252 | 3.4126 | 0.0000 | 1134252 | 3.4126 | 0.0000 | 0.0000 |
| | Total | 17965563 | 54.0519 | 0.0000 | 17965563 | 54.0519 | 0.0000 | 0.0000 |

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

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year (April 1, 2016) | | Cumulative Shareholding during the year 2016-2017 | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| 1. | Saphire Finman Services Private Limited | | | | |
| | At the beginning of the year | 5026433 | 15.12% | 5026433 | 15.12% |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc) | 0 | 0 | 0 | 0 |
| | At the end of the year | 5026433 | 15.12% | | |
| 2. | Nikhil Kumar | | | | |
| | At the beginning of the year | 4638664 | 13.96% | 4638664 | 13.96% |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc) | 0 | 0 | 0 | 0 |
| | At the end of the year | 4638664 | 13.96% | | |

Annexure to the Directors' Report (contd.)

Shareholding Pattern (contd.)

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year (April 1, 2016) | | Cumulative Shareholding during the year 2016-2017 | |
|---------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| 3. | Hitoshi Matsuo | | | | |
| | At the beginning of year | 3235254 | 9.73% | 3235254 | 9.73% |
| | Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer/ bonus/ sweat equity etc) | 0 | 0 | 0 | 0 |
| | At the end of the year | 3235254 | 9.73% | | |
| 4. | Mohib N. Khericha | | | | |
| | At the beginning of year | 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): Decrease (Sale) on 16/09/2016 | (200000) | (0.60)% | 1646860 | 4.96% |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): Increase (Purchase) on 27/03/2017 | 2084100 | 6.27% | 3730960 | 11.23% |
| | At the end of the year | 3730960 | 11.23% | | |

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

| Sl. No. | Name & Type of Transaction | Shareholding at the beginning of the year (April 1, 2016) | | Transactions during the year | | Cumulative Shareholding during year 2016 - 2017 | |
|---------|----------------------------------|---|----------------------------------|------------------------------|---------------|---|----------------------------------|
| | | No. of shares held | % of total shares of the company | Date of transaction | No. of shares | No of shares held | % of total shares of the company |
| 1. | SOFIA M KHERICHA | 2084100 | 6.2703 | | | 2084100 | 6.2703 |
| | Increase - Purchase | | | 16.09.2016 | 200000 | 2284100 | 6.8720 |
| | Decrease - Sale | | | 27.03.2016 | (2084100) | 200000 | 0.6017 |
| 2. | IDFC STERLING EQUITY FUND | 1859491 | 5.5945 | | | 1859491 | 5.5945 |
| | Decrease - Sale | | | 02 Sep 2016 | (54632) | 1804859 | 5.4302 |
| | Decrease - Sale | | | 09 Sep 2016 | (31613) | 1773246 | 5.3351 |
| | Decrease - Sale | | | 16 Sep 2016 | (3126) | 1770120 | 5.3257 |

Annexure to the Directors' Report (contd.)

Shareholding Pattern (contd.)

| Sl. No. | Name & Type of Transaction | Shareholding at the beginning of the year (April 1, 2016) | | Transactions during the year | | Cumulative Shareholding during year 2016 - 2017 | |
|-----------|--|---|----------------------------------|------------------------------|---------------|---|----------------------------------|
| | | No. of shares held | % of total shares of the company | Date of transaction | No. of shares | No of shares held | % of total shares of the company |
| | Decrease - Sale | | | 23 Sep 2016 | (19882) | 1750238 | 5.2658 |
| | Decrease - Sale | | | 30 Sep 2016 | (499) | 1749739 | 5.2643 |
| | Decrease - Sale | | | 07 Oct 2016 | (7754) | 1741985 | 5.2410 |
| | Decrease - Sale | | | 14 Oct 2016 | (8566) | 1733419 | 5.2152 |
| | Decrease - Sale | | | 21 Oct 2016 | (121767) | 1611652 | 4.8489 |
| | Decrease - Sale | | | 04 Nov 2016 | (2415) | 1609237 | 4.8416 |
| | Decrease - Sale | | | 11 Nov 2016 | (17889) | 1591348 | 4.7878 |
| | Decrease - Sale | | | 02 Dec 2016 | (25089) | 1566259 | 4.7123 |
| | Decrease - Sale | | | 13 Jan 2017 | (40347) | 1525912 | 4.5909 |
| | Decrease - Sale | | | 20 Jan 2017 | (1474) | 1524438 | 4.5865 |
| | Decrease - Sale | | | 03 Feb 2017 | (27876) | 1496562 | 4.5026 |
| | Decrease - Sale | | | 17 Feb 2017 | (24766) | 1471796 | 4.4281 |
| | Decrease - Sale | | | 03 Mar 2017 | (7861) | 1463935 | 4.4045 |
| | Increase - Purchase | | | 17 Mar 2017 | 33118 | 1497053 | 4.5041 |
| | Increase - Purchase | | | 24 Mar 2017 | 24546 | 1521599 | 4.5779 |
| | Decrease - Sale | | | 31 Mar 2017 | (23579) | 1498020 | 4.5070 |
| | At the end of the year | | | | | 1498020 | 4.5070 |
| 3. | Sundaram Mutual Fund A/C Sundaram Smile Fund | 1286426 | 3.8704 | | | 1286426 | 3.8704 |
| | Increase - Purchase | | | 20 May 2016 | 1000 | 1287426 | 3.8734 |
| | Increase - Purchase | | | 24 Jun 2016 | 10000 | 1297426 | 3.9035 |
| | Increase - Purchase | | | 22 Jul 2016 | 6608 | 1304034 | 3.9234 |
| | Increase - Purchase | | | 29 Jul 2016 | 4270 | 1308304 | 3.9362 |
| | Decrease - Sale | | | 05 Aug 2016 | (175000) | 1133304 | 3.4097 |
| | Increase - Purchase | | | 17 Mar 2017 | 15436 | 1148740 | 3.4561 |
| | Increase - Purchase | | | 24 Mar 2017 | 50369 | 1199109 | 3.6077 |
| | Increase - Purchase | | | 31 Mar 2017 | 45000 | 1244109 | 3.7431 |
| | At the end of the year | | | | | 1244109 | 3.7431 |
| 4. | ICICI Prudential | 1230266 | 3.7014 | | | 1230266 | 3.7014 |
| 5. | India Value Fund IV | 1218971 | 3.6674 | | | 1218971 | 3.6674 |
| 6. | Reliance Capital Trustee Co. Ltd-A/C Reliancesmall Cap Fund | 1140126 | 3.4302 | | | 1140126 | 3.4302 |
| | Increase - Purchase | | | 21 Oct 2016 | 686747 | 1826873 | 5.4964 |
| | Increase - Purchase | | | 13 Jan 2017 | 50000 | 1876873 | 5.6468 |
| | At the end of the year | | | | | 1876873 | 5.6468 |

Annexure to the Directors' Report (contd.)

Shareholding Pattern (contd.)

| Sl. No. | Name & Type of Transaction | Shareholding at the beginning of the year (April 1, 2016) | | Transactions during the year | | Cumulative Shareholding during year 2016 - 2017 | |
|---------|---|---|----------------------------------|------------------------------|---------------|---|----------------------------------|
| | | No. of shares held | % of total shares of the company | Date of transaction | No. of shares | No of shares held | % of total shares of the company |
| 7. | Chartered Capital & Investments Ltd | 1134252 | 3.4126 | | | 1134252 | 3.4126 |
| | At the end of the year | | | | | 1134252 | 3.4126 |
| 8. | Smallcap World Fund, Inc | 1009087 | 3.0360 | | | 1009087 | 3.0360 |
| | Decrease - Sale | | | 10 Feb 2017 | (3578) | 1005509 | 3.0252 |
| | Decrease - Sale | | | 17 Feb 2017 | (87951) | 917558 | 2.7606 |
| | Decrease - Sale | | | 24 Feb 2017 | (24973) | 892585 | 2.6855 |
| | Decrease - Sale | | | 10 Mar 2017 | (153450) | 739135 | 2.2238 |
| | Decrease - Sale | | | 17 Mar 2017 | (349113) | 390022 | 1.1734 |
| | Decrease - Sale | | | 24 Mar 2017 | (175130) | 214892 | 0.6465 |
| | Decrease - Sale | | | 31 Mar 2017 | (214892) | 0 | 0.0000 |
| | At the end of the year | | | | | 0 | 0.0000 |
| 9. | L and T Mutual Fund Trustee Ltd- L and T Equity Fund | | | 919568 | 2.7667 | | |
| | Decrease - Sale | 08 Apr 2016 | (9026) | | | 910542 | 2.7395 |
| | Decrease - Sale | 15 Apr 2016 | (34108) | | | 876434 | 2.6369 |
| | Decrease - Sale | 22 Apr 2016 | (40908) | | | 835526 | 2.5138 |
| | Decrease - Sale | 29 Apr 2016 | (27853) | | | 807673 | 2.4300 |
| | Decrease - Sale | 13 May 2016 | (64252) | | | 743421 | 2.2367 |
| | Decrease - Sale | 20 May 2016 | (16958) | | | 726463 | 2.1857 |
| | Decrease - Sale | 27 May 2016 | (155850) | | | 570613 | 1.7168 |
| | Decrease - Sale | 03 Jun 2016 | (55847) | | | 514766 | 1.5487 |
| | Decrease - Sale | 10 Jun 2016 | (13313) | | | 501453 | 1.5087 |
| | Decrease - Sale | 17 Jun 2016 | (24210) | | | 477243 | 1.4359 |
| | Decrease - Sale | 24 Jun 2016 | (24808) | | | 452435 | 1.3612 |
| | Decrease - Sale | 05 Aug 2016 | (14567) | | | 437868 | 1.3174 |
| | Decrease - Sale | 12 Aug 2016 | (6232) | | | 431636 | 1.2986 |
| | Decrease - Sale | 26 Aug 2016 | (507) | | | 431129 | 1.2971 |
| | Decrease - Sale | 02 Sep 2016 | (120378) | | | 310751 | 0.9349 |
| | Decrease - Sale | 09 Sep 2016 | (18781) | | | 291970 | 0.8784 |
| | Decrease - Sale | 16 Sep 2016 | (22162) | | | 269808 | 0.8118 |
| | Decrease - Sale | 23 Sep 2016 | (7483) | | | 262325 | 0.7892 |
| | Decrease - Sale | 09 Dec 2016 | (18194) | | | 244131 | 0.7345 |
| | Decrease - Sale | 16 Dec 2016 | (12093) | | | 232038 | 0.6981 |
| | Decrease - Sale | 23 Dec 2016 | (30115) | | | 201923 | 0.6075 |
| | Decrease - Sale | 30 Dec 2016 | (20) | | | 201903 | 0.6075 |
| | Decrease - Sale | 06 Jan 2017 | (12708) | 189195 | 0.5692 | | |
| | Decrease - Sale | 13 Jan 2017 | (40000) | 149195 | 0.4489 | | |
| | Decrease - Sale | 20 Jan 2017 | (11976) | 137219 | 0.4128 | | |

Annexure to the Directors' Report (contd.)

Shareholding Pattern (contd.)

| Sl. No. | Name & Type of Transaction | Shareholding at the beginning of the year - 2016 | | Transactions during the year | | Cumulative Shareholding at the end of the year - 2017 | |
|---------|--|--|----------------------------------|------------------------------|---------------|---|----------------------------------|
| | | No. of shares held | % of total shares of the company | Date of transaction | No. of shares | No of shares held | % of total shares of the company |
| | Decrease - Sale | | | 03 Feb 2017 | (37219) | 100000 | 0.3009 |
| | Decrease - Sale | | | 10 Feb 2017 | (100000) | 0 | 0.0000 |
| | At the end of the year | | | | | 0 | 0.0000 |
| 10. | Toyo Denki Seizo KK | 876270 | 2.6364 | | | 876270 | 2.6364 |
| | At the end of the year | | | | | 876270 | 2.6364 |
| 11. | Baring India Private Equity Fund III Listed Investments Limited | 805778 | 2.4243 | | | 805778 | 2.4243 |
| | At the end of the year | | | | | 773850 | 2.3282 |
| 12. | Ontario Teachers' Pension Plan Board Managed by Arohi Asset Management Pte Ltd-Np9q | 773850 | 2.3282 | | | 773850 | 2.3282 |
| | Decrease - Sale | | | 21 Oct 2016 | (348000) | 425850 | 1.2812 |
| | Decrease - Sale | | | 17 Mar 2017 | (36893) | 388957 | 1.1702 |
| | At the end of the year | | | | | 388957 | 1.1702 |

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

v. Shareholding of Directors and Key Managerial Personnel:

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year (April 1, 2016) | | Cumulative Shareholding During year 2016-2017 | |
|---------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| 1. | Nikhil Kumar | | | | |
| | At the beginning of year | 4638664 | 13.96% | 4638664 | 13.96% |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc) | 0 | 0 | 0 | 0 |
| | At the end of the year | 4638664 | 13.96% | | |

Annexure to the Directors' Report (contd.)

Shareholding Pattern (contd.)

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year (April 1, 2016) | | Cumulative Shareholding During year 2016-2017 | |
|---------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| 2. | Mohib N. Khericha | | | | |
| | At the beginning of year | 1846860 | 5.56% | 1846860 | 5.56% |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc): Decrease – Sale 16.09.2016 | (200000) | (0.60)% | 1646860 | 4.96% |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc): Increase –Purchase March 27,2017 | 2084100 | 6.27% | 3730960 | 11.23% |
| | At the end of the year | 3730960 | 11.23% | | |
| 3. | Nithin Bagamane | | | | |
| | At the beginning of year | 0 | 0 | 0 | 0 |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc): | 0 | 0 | 0 | 0 |
| | At the end of the year | 0 | 0 | | |
| 4. | Arjun Kalyanpur | | | | |
| | At the beginning of year | 0 | 0 | 0 | 0 |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer / bonus/sweat equity etc): | 0 | 0 | 0 | 0 |
| | At the end of the year | 0 | 0 | | |

Annexure to the Directors' Report (contd.)

Shareholding Pattern (contd.)

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year (April 1, 2016) | | Cumulative Shareholding During year 2016-2017 | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| 5. | Nandita Lakshmanan | | | | |
| | At the beginning of year | 0 | 0 | 0 | 0 |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer / bonus/sweat equity etc): | 0 | 0 | 0 | 0 |
| | At the end of the year | 0 | 0 | | |
| 6. | Ravi Kanth Mantha | | | | |
| | At the beginning of year | 0 | 0 | 0 | 0 |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer / bonus/sweat equity etc): | 0 | 0 | 0 | 0 |
| | At the end of the year | 0 | 0 | | |
| 7. | K G Prabhakar | 4500 | 0.01% | 4500 | 0.01% |
| | At the beginning of year | 0 | 0 | 0 | 0 |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer / bonus/sweat equity etc): | 0 | 0 | 0 | 0 |
| | At the end of the year | 4500 | 0.01% | | |
| 6. | N. Srivatsa | | | | |
| | At the beginning of year | 75 | 0.00% | 75 | 0.00% |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer / bonus/sweat equity etc): | 0 | 0 | 0 | 0 |
| | At the end of the year | 75 | 0.00% | | |

Annexure to the Directors' Report (contd.)

V. INDEBTEDNESS

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

| Sl. No. | Particulars | Secured Loans excluding deposits (Rs.) | Unsecured Loans (Rs.) | Deposits (Rs.) | Total Indebtedness (Rs.) |
|-----------|---|--|-----------------------|----------------|--------------------------|
| A. | Indebtedness at the beginning of the financial year (01.04.2016) | | | | |
| i | Principal Amount | 276415453 | - | - | 276415453 |
| ii | Interest due but not paid** | - | - | - | - |
| iii | Interest accrued but not due** | - | - | - | - |
| | Total (i+ii+iii) | 276415453 | - | - | 276415453 |
| B. | Change in Indebtedness during the financial year | | | | |
| i | Addition | 177,012,549 | - | - | 177,012,549 |
| ii | Reduction | - | - | - | - |
| | Net Change | 177,012,549 | - | - | 177,012,549 |
| C. | Indebtedness at the end of the financial year (31.03.2017) | | | | |
| i | Principal Amount | 453,428,002 | - | - | 453,428,002 |
| ii | Interest due but not paid** | - | - | - | - |
| iii | Interest accrued but not due** | - | - | - | - |
| | Total (i+ii+iii) | 453,428,002 | - | - | 453,428,002 |

** Since indebtedness is in respect of a working capital facility, Interest for the period is paid at the end of the period. Thus, neither "Interest due but not paid" nor "Interest accrued but not due" arise.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

| Sl. No. | Particulars of Remuneration | Nikhil Kumar Managing Director (Amount in Rs.) | K G Prabhakar Director & CFO (Amount in Rs.) | Total (Rs.) |
|---------|---|--|--|---------------------|
| 1. | Gross salary | 25,20,000.00 | 55,85,103.00 | 81,05,103.00 |
| a. | Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | Nil | Nil | |
| b. | Value of perquisites u/s 17(2) of the Income-tax Act, 1961 | Nil | Nil | |
| c. | Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | Nil | Nil | |
| 2. | Stock Option | Nil | Nil | |
| 3. | Sweat Equity | Nil | Nil | |
| 4. | Commission - as % of profit - others, specify | Nil | Nil | |
| 5. | Others, please specify | Nil | Nil | |
| | Total (A) | 25,20,000.00 | 55,85,103.00 | 81,05,103.00 |
| | Ceiling as per the Act | Inadequate profits | | |

Annexure to the Directors' Report (contd.)

B. Remuneration to other directors

| Sl. No. | Particulars of Remuneration | Name of Directors | | | | Total (Rs.) |
|---------|---|--------------------------------|-----------------------|--------------------------|-------------------------|---------------------|
| | | Nitin Bagamane (Rs.) | Arjun Kalyanpur (Rs.) | Nandita Lakshmanan (Rs.) | Ravi Kanth Mantha (Rs.) | |
| 1. | Independent Directors Fee for attending board /committee meetings Commission Others, please specify | 1,80,000 | 1,60,000 | 1,20,000 | 1,40,000 | 6,00,000 |
| | | - | - | - | - | - |
| | | - | - | - | - | - |
| | | Mohib N. Khericha (Rs.) | | | | |
| 2. | Other Non-Executive Directors Fee for attending board / committee meetings Commission Others, please specify | | 200,000 | | | 200,000 |
| | | | - | | | - |
| | | | - | | | - |
| | Total (B) | | | | | 8,00,000 |
| | Overall Ceiling as per the Act | | | | | NA |
| | Total Managerial Remuneration (A+B) | | | | | 89,05,103.00 |

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

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | |
|---------|--|--|--|
| | | Company Secretary N. Srivatsa (Amount in Rs. p.a.) | Chief Finance Officer K. G. Prabhakar (Amount in Rs. p.a.) |
| 1. | Gross salary | | |
| | a. Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 46,79,561.00 | 55,85,103.00 |
| | b. Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - |
| | c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - |
| 2. | Stock Option | - | - |
| 3. | Sweat Equity | - | - |
| 4. | Commission | | |
| | - as % of profit | - | - |
| | - others, specify... | - | - |
| 5. | Others, please specify | - | - |
| | Total | 46,79,561.00 | 55,85,103.00 |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

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

For and on behalf of the Board of Directors

Bangalore
May 18, 2017**Mohib N. Khericha**
Chairman**K. G. Prabhakar**
Director & CFO**Nikhil Kumar**
Managing Director**N. Srivatsa**
Company Secretary

Annexure to the Directors' Report (contd.)

ANNEXURE – 2

FORM AOC – I

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

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

Part “A”: Subsidiaries

| Name of the Subsidiary | DF Power Systems Pvt. Ltd. | TD Power Systems (USA) Inc. | TD Power Systems Japan Ltd. | TD Power Systems Europe GmbH |
|---|----------------------------|-----------------------------|-----------------------------|------------------------------|
| The date since when subsidiary was acquired | 22/09/2008 | 20/02/2013 | 19/03/2013 | 13/01/2016 |
| Reporting period for the subsidiary concerned, if different from the holding company's reporting period | NA | NA | NA | NA |
| Reporting Currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | INR | USD | JPY | EURO |
| Share Capital | 600 | 482 | 122 | 261 |
| Reserves and Surplus | (73) | (957) | 247 | (311) |
| Total Assets | 5,280 | 1,933 | 518 | 80 |
| Total Liabilities | 5,280 | 1,933 | 518 | 80 |
| Investments | 0 | 0 | 0 | 0 |
| Turnover | 172 | 1,862 | 814 | 162 |
| Profit/(Loss) before taxation | (113) | (71) | 22 | (283) |
| Provision for taxation | (5) | 0 | 18 | 0 |
| Profit/(Loss) after taxation | (108) | (71) | 4 | (283) |
| Proposed Dividend | Nil | Nil | Nil | Nil |
| Extent of shareholding (in percentage) | 100 | 100 | 100 | 100 |

Note

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

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

For and on behalf of the Board of Directors

Mohib N. Khericha
Chairman

Nikhil Kumar
Managing Director

Bangalore
May 18, 2017

K. G. Prabhakar
Director & CFO

N. Srivatsa
Company Secretary

Annexure to the Directors' Report (contd.)

ANNEXURE – 3

FORM AOC – II

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

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

| | | | |
|--|---|--|---|
| a. Name(s) of the related party and nature of relationship | TD Power Systems (USA) Inc. | TD Power Systems Japan Ltd. | TD Power Systems Europe GmbH |
| b. Nature of contracts/arrangements/transactions | Sale and purchase transactions | Sale and purchase transactions | Sale and purchase transactions |
| c. Duration of the contracts arrangements/transactions | February 02, 2017 to March 31, 2017 | February 02, 2017 to March 31, 2017 | February 02, 2017 to March 31, 2017 |
| d. Salient terms of the contracts or arrangements or transactions including the value, if any: | Payment terms: not exceeding 180 days Advance against PO-Back to back basis with subsidiary company terms. Advance /Performance guarantee-Back to back with subsidiary company terms. Rs.1827.61 lakhs | Payment terms: not exceeding 180 days Advance against PO-Back to back basis with subsidiary company terms. Advance/Performance guarantee -Back to back with subsidiary company terms. Nil | Payment terms: not exceeding 180 days Advance against PO-Back to back basis with subsidiary company terms. Advance /Performance guarantee-Back to back with subsidiary company terms. Rs. 136.62 Lakhs |
| e. Date(s) of approval by the Board, if any | February 02, 2017 | February 02, 2017 | February 02, 2017 |
| f. Amount paid as advances, if any: | Nil | Nil | Nil |

Details of material contracts or arrangement or transactions at arm's length basis for the year ended March 31, 2017 as follows:

| | | |
|--|---|---|
| a. Name(s) of the related party and nature of relationship | Mr. Sagir Khericha | Ravindu Moters Private Limited |
| b. Nature of contracts/arrangements/transactions | Extension of service up to October 31, 2016, | Purchase, Sale and service of cars |
| c. Duration of the contracts arrangements/transactions | 1 month | February 02, 2017 to March 31, 2017 |
| d. Salient terms of the contracts or arrangements or transactions including the value, if any: | Remuneration of / Leave and other terms as per company policy/Designation -Business manager in ACG Unit Rs. 75,000 Per month | Pricing & commercial terms as may be charged generally to the customers. Rs. 10.23 Lakhs |
| e. Date(s) of approval by the Board, if any | August 03, 2016 | February 02, 2017 |
| f. Amount paid as advances, if any: | Nil | Nil |

For and on behalf of the Board of Directors

Mohib N. Khericha
Chairman

Nikhil Kumar
Managing Director

K. G. Prabhakar
Director & CFO

N. Srivatsa
Company Secretary

Bangalore
May 18, 2017

Annexure to the Directors' Report (contd.)

ANNEXURE – 4

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

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

| A. Conservation of Energy | |
|---|--|
| Steps taken or impact on conservation of energy | BESCOM Contract demand reduced by 50% for U1 & U2. GVPI-curing ovens, heater rating reduced to 180 KW, from 210 KW. & 150 KW, from 168 KW. Total 48 KW per hour. LED lights changed for coil tapping area. Micamation m/c-Rotor pole coil-two pole coils is pressed at a time instead of one coil. Fluorescent tubes have been replaced with LED tube lights in administration block . In unit2 LED high bay fittings are planned and will be commissioned in August 2017. |
| Steps taken by the company for utilizing alternate sources of energy | Solar power purchase through open access is under progress for both units. PPA proposed to be signed during August 2017Substantial savings in power costs expected |
| Capital investment on energy conservation equipments | Nil |
| B. Technology Absorption | |
| 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. Optimization of frame to meet the stringent specification requirements of Weight, Efficiency, Reactance's, Grid code and overall size reduction. Analytical and FEA methods are used to verify the stability and performance during design stage. Foray into cost-saving and environment conscious projects based on wind energy and Geo-thermal energy continued to be made. Judicious use of available Epoxy Resin+ Hardner impregnating mix in different plants (3 in number) by inter-transfers, while maintaining stringent quality control, has yielded considerable cost saving. 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. Weight reduction achieved due to reduction in Core length and endshield optimization. Achieved significant cost reduction per machine. Standardization of plate thicknesses and configurations have yielded ready to use parts at a short period of time. Shaft forgings are standardised for certain segment to augment the shorter delivery requirements To meet the competitive price, design optimized and frame size reduced. Achieved significant cost reduction per machine. Developed mid size vertical generators for Hydro market for niche customers |
| 3. In case of imported technology (imported during the last three years reckoned from the beginning of the FY), | Design and manufacturing technology in respect of steam and hydro and new generation type generators. |
| a. Technology Imported | |
| b. Year of Import | 2008/2011/2013 |
| c. Has technology been fully absorbed | Manufacture of large generators in progress and absorption in respect of critical parts and assemblies completed while in respect of certain other critical parts of a large generator the absorption is under study. Manufacturing commenced in respect of wind generators. Machines with International Certifications and stringent customer specifications developed. |

Annexure to the Directors' Report (contd.)

| | | |
|-----------|---|---|
| | d. If not fully absorbed, areas where this has not taken place, reasons thereof | The technology imported is being absorbed backed by training and development which is a gradual process due to high quality and precision requirements. |
| 4. | Expenditure incurred on Research and Development | (Rs. in lakhs) |
| | a. Capital | - |
| | b. Recurring | 624.84 |
| | c. Total | 624.84 |
| | d. Total R&D expenditure as a percentage of turnover | 1.61% |
| c. | Foreign Exchange Earnings and Outgo | Rs. in Lakhs |
| | Earnings in foreign Exchange [Value of Exports on FOB basis] | 16,844.68 |
| | Foreign Exchange outgo (Expenditure in foreign currency) | 572.70 |

For and on behalf of the Board of Directors

Bangalore
May 18, 2017**Mohib N. Khericha**
Chairman**K. G. Prabhakar**
Director & CFO**Nikhil Kumar**
Managing Director**N. Srivatsa**
Company Secretary**ANNEXURE - 5****Details of Ratio of Remuneration of Director [Section 197(12), of the Companies Act 2013, read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014]**

| | | | |
|------|--|---|----------------------------|
| i. | The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year | Name of the Director | Ratio to the Median |
| | | Mr. Nikhil Kumar - Managing Director | 0.55 |
| ii. | The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year. | Name of the Director | % Increase |
| | | Mr. K. G. Prabhakar - Director & CFO | 1.26 |
| iii. | The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year. | Mr. Nikhil Kumar - Managing Director | Nil |
| | | Mr. K G Prabhakar - Director & CFO | 8% |
| | | Mr. N Srivatsa - Company Secretary | 8% |
| iii. | The percentage increase in the median remuneration of employees in the financial year | 33% | |
| iv. | The number of permanent employees on the rolls of Company | 582 | |
| v. | Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration | The Average percentile increase in the salaries of employees during 2016-17 was about 12%. The increase in managerial remuneration was lower than the said percentile increase. | |
| vi. | Affirmation that the remuneration is as per the remuneration policy of the company | Yes | |

For and on behalf of the Board of Directors

Bangalore
May 18, 2017**Mohib N. Khericha**
Chairman**K. G. Prabhakar**
Director & CFO**Nikhil Kumar**
Managing Director**N. Srivatsa**
Company Secretary

Annexure to the Directors' Report (contd.)

ANNEXURE – 6

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

A. There are no employees in receipt of a remuneration of Rs. 1.02 crore or more per annum.

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

| Sl. No | Name | Designation | Educational qualifications | Experience (in year) | Remuneration in fiscal 2017 (Rs. pa) | Previous employment and designating |
|--------|-------------------|----------------------|----------------------------|----------------------|--------------------------------------|--|
| 1 | K G Prabhakar | Director & CFO | FCA | 35 yrs | 55,85,103 | Kirloskar Electric Company Limited |
| 2 | Manjunath S V | COO | MBA | 35 Yrs | 49,63,968 | Kirloskar Electric Company Limited |
| 3 | Srivatsa N | Co. Secretary | FCS | 35 Yrs | 46,79,561 | Kingfisher Airlines Limited |
| 4 | Prabhamani S | Gen. Manager | M. Tech | 33 Yrs | 37,74,968 | Kirloskar Electric Company Limited |
| 5 | Vinay Hegde | Sen. Manager | BE | 23 Yrs | 36,49,239 | Cummins Generator Technologies Limited |
| 6 | Ramakrishna Varna | Head - SBU 2 | BE, MBA | 24 Yrs | 34,10,586 | Kirloskar Electric Company Limited |
| 7 | Udaya Kumar | Head - SBU 1 | BE, MBA | 27 Yrs | 32,45,546 | DF Power Systems Private Limited |
| 8 | Ravishankar H R | Sen. Manager | BE | 34 Yrs | 32,42,213 | Kirloskar Electric Company Limited |
| 9 | M N Varalakshmi | Head - Corp. Finance | ICWA | 24 Yrs | 31,06,943 | Kirloskar Electric Company Limited |
| 10 | Sridhar R P | Head - Quality | BE (Electrical) | 20 Yrs | 29,29,211 | GE Global Sourcing India Pvt. Ltd. |

For and on behalf of the Board of Directors

Mohib N. Khericha
Chairman

Nikhil Kumar
Managing Director

K. G. Prabhakar
Director & CFO

N. Srivatsa
Company Secretary

Bangalore
May 18, 2017

ANNEXURE – 7

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

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

1. Composition of the CSR Committee

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

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

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

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

Annexure to the Directors' Report (contd.)

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

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

In terms of the CSR policy, the CSR committee selected a project relating to integrated water & sanitation management in Tymagondalu Village, Nelamangala Tq, Bangalore Rural District as the CSR initiative of the Company.

A water body in a decrepit state has been restored during the year aiding augmentation of ground and surface water. Further, as a part of sanitation objectives activities such as garbage free village, decentralized STP and solid waste management programs has been initiated in two wards with related training and awareness campaign. A pilot project for the Solid Waste Management (SWM) program has been commenced with house to house

campaign. Micro level segregation of dry waste has also been commenced. Institutional Capacity Building, Solid waste management, Allocation of Land for Wet waste treatment, Recharge of Bore well, Construction of Community Toilet at Bus stand, development of Public Space etc., are the CSR activities undertaken for the financial year 2016-17.

Our CSR intervention engaged with key stakeholders of the village to get a buy-in on implementing a sustainable Integrated Water and Sanitation system for the village. A Project Support Unit (PSU) was created to interface with the institutions and citizens on the program.

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. 7,329.59 lakhs.

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

Prescribed CSR expenditure is Rs. 146.59 lakhs (2% of Rs. 7,329.59 lakhs)

5. Details of CSR spent during the financial year
 - a. Total amount to be spent for the financial year: Rs. 146.59 lakhs
 - b. Amount unspent, if any: Rs. 29.32 lakhs

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

(Rs. in lakhs)

| Sl. No. | CSR project or activity identified | Sector in which the project is covered | Projects or programs 1. Local area or other 2. Specify the state and district where projects or programs undertaken | Amount outlay (budget) project or Programme wise (Rs.) | Amount spent on the projects or programs 1. Direct expenditure 2. Overhead (Rs.) | Cumulative expenditure up to the reporting period (Rs.) | Amount spent direct or through implementing agency |
|---------|--|---|---|---|---|--|--|
| 1. | Integrated water & Sanitation management | Health care, sanitation & safe drinking water (i) of Schedule VII | Local area of Tymagondalu in Nelamangala taluk, Bangalore Rural District | (Initial outlay) 146.59 | 114.27 | 114.27 | Implementing agency |
| 2. | Akshaya Patra | Eradication of hunger and malnutrition (i) of Schedule VII | Local area | | 3.00 | 3.00 | Direct |

Annexure to the Directors' Report (contd.)

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

A sum of Rs. 117.27 lakhs has been spent on the Integrated water & sanitation management (IWSM) Project as detailed above as of March 31, 2017. A sum of Rs. 29.32 lakhs relating to the allocation for the financial year 2016-17 is yet to be spent. In a project of this nature, expenditure is incurred on achieving targeted milestones and related stakeholder initiative. Funds are released to implementing

agencies only when it is satisfied that the agreed target and the expected milestones will be met.

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

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

Bangalore
May 18, 2017

Nikhil Kumar
Managing Director

Ravi Kanth Mantha
Chairperson - CSR Committee

ANNEXURE – 8

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2017

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

The Members,
TD Power Systems Limited
Regd. Office: # 27, 28 & 29,
KIADB Industrial Area Dabaspet,
Nelamangala Taluk, Bangalore-562111

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2017, 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, 2017 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;

Annexure to the Directors' Report (contd.)

- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI'):
- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, (No instances for compliance requirements during the year);
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, (No instances for compliance requirements during the year);
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, (No instances for compliance requirements during the year);
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, (No instances for compliance requirements during the year);
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998, (No instances for compliance requirements during the year); and
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- vi. Legal Metrology Act, 2009;
- vii. The Environment (Protection) Act, 1986;
- viii. The Water (Prevention & Control of Pollution) Act, 1974;
- ix. The Air (Prevention & Control of Pollution) Act, 1981;
- x. All other Labour, Employee and Industrial Laws to the extent applicable to the Company;

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

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

I further report that

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

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

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

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

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

Bangalore
May 18, 2017

Sudhir Vishnupant Hulyalkar
Company Secretary in Practice

FCS No. 6040
C P No. : 6137

Annexure to the Directors' Report (contd.)

ANNEXURE – 9

MANAGEMENT DISCUSSION AND ANALYSIS

India continued to be the fastest growing major economy in the world in fiscal 2017. However, Investments in the country's core sectors continued to be depressed, as the private sector was constrained by debts and large non-performing assets (NPAs) continued to be a source of worry for the banks. Despite the best efforts by the government, both at central and state levels, demand remained tepid in the core sectors leading to lower capacity utilization in sectors like cement, steel, non-ferrous metal. Public sector capital expenditure was restricted to renewable energy, power transmission, highways and railways. Customers slowed down the speed of project execution as a result of demonetization impacting turnover and profitability.

The global scenario offered no cause for cheer as it continued to encounter challenges including volatility, Eurozone instability, depression in crude oil and commodity prices, currency depreciation/volatility in emerging markets and a continuing slowdown in China

Given the above scenario, the company continued to experience challenging circumstances in fiscal 2017 as the much awaited acceleration of investments & industrial growth did not gain the required speed. The capital goods industry continued to be rated as an underperformer due to lower capacity utilization and slowdown in user industries.

We continued to be one of the leading manufacturers of AC Generators for a diverse range of prime movers with output capacities ranging from 1 MW to 200 MW for steam and gas and up to 35 MW for hydro and up to 20 MW diesel and gas engines and customized rating for wind turbines, catering to both conventional and renewable fuel based power plants. As in the last two to three years the domestic market for generators continued to be sluggish in Fiscal 2017. Consistent compression in demand over the last three years intensified competition in the domestic markets consequently resulting in unrealistic pricing pressures. This led to large companies emerging as competitors, who used their deep pockets to start a price war in the market. The market was at best a "push market rather than a pull market" resulting in deferment of deliveries and an extended working capital cycle.

The manufacturing order inflow in Fiscal 2017 was Rs 35,518.36 lakhs as compared to Rs. 35,004.33 lakhs in Fiscal 2016. Domestic market contributed 27% in Fiscal 2017 & 43% in Fiscal 2016 and exports (including deemed exports) contributed 73% in Fiscal 2017 & 57% in Fiscal 2016 reflecting our continuing focus on overseas market. As of March 31, 2017 (Fiscal 2017) 3,342 generators with an aggregate output capacity of over 24,864 MW have been supplied to over 80 countries

Steam, Hydro & Gas application generators contributed 41%, 18% & 28% respectively of the revenue for Fiscal 2017. The contribution of Gas generators continued to increase in Fiscal 2017 over Fiscal 2016. As customary, a large part of generator sales take place through OEM's, with top 10 customers contributing to 78% of Fiscal 2017 revenues. Our association with leading hydro & gas OEM'S is progressing well reflecting a good potential in these segment.

During Fiscal 2017, we added - new customers in steam, gas diesel and hydro segments. As a part of increasing our enlistment as preferred vendor, we have undergone audits by overseas OEMS for supply of wind, steam, gas & traction generators.

On standalone basis, Net sales from manufacturing business at Rs. 30,972.85 lakhs compared to Rs. 35,925.91 Lakhs in Fiscal 2016. Net sales of our manufacturing business contributed 79.80% and 75.74% of our Total Income in Fiscal 2017 and 2016.

Adverse domestic market conditions continue to be the constraining factor for growth in revenues in Fiscal 2017. However the company's ability to diversify its product portfolio and its consistent focus on overseas markets has enabled the company to sustain revenues and partially offset the unprecedented fall in domestic market. Our overseas markets will continue to drive our exports both in the medium and long-term.

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 was Rs. 6,031.46 lakhs compared to Rs. 9,609.10 Lakhs in Fiscal 2016. This contributed 15.57% and 20.26% of our Total Income in Fiscal 2017 and 2016, respectively

The pending orders as of March 31, 2017 are Rs. 35,405.45 lakhs comprising of both manufacturing (Rs. 29,696.22 lakhs) and project business (Rs. 5,709.23 lakhs).

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

On a standalone basis the Earnings Before interest, tax, depreciation & amortization (EBITDA) decreased by Rs. 1,764.27 lakhs or 35.20% to Rs. 3,247.46 Lakhs in Fiscal 2017 as compared to Rs. 5,011.73 Lakhs in Fiscal 2016. Profit before tax and extraordinary items decreased by Rs. 1,623.58 Lakhs or 95.92%, to Rs. 69.08 Lakhs in Fiscal 2017 from Rs. 1,692.66 Lakhs in Fiscal 2016. Profit after tax decreased by Rs. 1,488.98 Lakhs, or 99.41%, to Rs. 8.90 Lakhs in Fiscal 2017 from Rs. 1,497.88 Lakhs in Fiscal 2016.

Management Discussion and Analysis (contd.)

On a consolidated basis the, Net sales decreased by Rs. 12,684.22 Lakhs, or 25.03%, to Rs. 37,990.90 Lakhs in Fiscal 2017 from Rs. 50,675.12 Lakhs in Fiscal 2016, due to decrease in sales volume of Manufacturing, Projects & EPC Business. Loss before tax and extraordinary items decreased by Rs. 316.01 Lakhs, or 45.70%, to Rs. 375.54 Lakhs in Fiscal 2017 from Rs. 691.55 Lakhs in Fiscal 2016. Our Loss after tax decreased by Rs. 470.11 Lakhs, to Rs. 448.43 Lakhs in Fiscal 2017 from Rs. 918.54 Lakhs in Fiscal 2016.

Outlook

Steam, Hydro & Gas Engine generators will continue to drive revenues for Fiscal 2017. The pending orders for Fiscal 2018 is promising. The market for Steam generators is showing a gradual improvement with good pipeline of export orders. Orders from the US region, extension of an exclusivity arrangement with a MNC & a steady share of business from an Indian customer are expected to support the pipeline for steam generators. The company is working on supply of wind turbine generators to certain MNC turbine suppliers during the Fiscal 2018. The Company continues to pursue component business from the large generator segment.

The Company has received an order from a large European multinational company (MNC) in India for manufacture & supply of certain components (Product) of traction motors used in Electric Locomotives to be supplied to Indian Railways by the MNC. The total order value is about Rs 750 crores to be supplied over 10 years starting from 2018. The MNC will also provide the required technology for manufacture of the Product under License through its Affiliate Company. With this contract TDPS affirms its position as a growing market player in the traction equipment business.

Over the years, we have built a strong reference list of installations in Turkey. We are currently working on expanding this presence with a project to supply generators made in Turkey meeting certain local content requirements. This initiative has the potential to contribute significantly to both revenues and margins of the company during the next 3 years.

The domestic market conditions however, continue to be adverse with severe competition and pricing pressures. There has been no perceptible momentum in order conversions for supply of generators. We are approaching the domestic market cautiously and will pursue orders with sustainable prices. While we are well placed to capitalize on any upswing in domestic demand as well as overseas markets, Exports will continue to be our focus area in Fiscal 2017 given the tepid domestic market scenario.

While we hope that the domestic market recovers, we continue to focus on building our existing portfolio of generators for other applications. Though there is

uncertainty and continuing compression in the domestic market, we are hopeful of moderate growth in revenues and improvement in performance based on our export orders and other initiatives as stated above.

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

Risk Management and Mitigation

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

The focus on exports and ongoing association with leading global leaders has enabled the Company to reduce dependence on the domestic market and accordingly, percentage exports (including deemed exports) in turnover during the year stands at 73% of manufacturing revenues.

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

1. Economic slowdown and market concentration

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

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

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

Management Discussion and Analysis (contd.)

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

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

4. Competition Risk

Many large corporations in Europe, America and in South East are competitors to the Company. These large corporations have access to advanced technologies, greater global reach, larger financial resources and may benefit from greater economies of scale and operating efficiencies. Competitors

may be able to sell their products at prices lower than the Company's, which may have an adverse effect on the Company's market share and results of operations. This may compel the Company to quote aggressively and impact its margins.

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

5. Risk arising from transnational sale of products

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

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

Manufacturing facilities, Design & Development

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

The Company's R&D facility which is approved by the Department of Scientific Industrial Research, GOI focuses on adoption of new technology and development of superior designs enhancing performance, quality and reducing costs. The Company's team is engaged continuously in design and development of generators

Management Discussion and Analysis (contd.)

meeting customer requirements from time to time. Projects to develop generators for Special application and for design modification and enhancement are ongoing. Our generators are approved by reputed and leading engineering consultants.

Internal Control Systems and their adequacy

The Company has established adequate internal control system, commensurate with the nature of its business and size of its operations in order to ensure quality and reliability of underlying processes focused towards achieving operational efficiency, supported by Management reviews. All audit observations and follow up actions thereon are initiated for resolution by the finance function and reported to the Audit Committee. Attention is also drawn to the statement on Internal financial control in the Directors report.

Environment, Health and Safety

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

- Ensure safety and Health of our employees, associated stakeholders and focus on how to make the world a better place to live.
- Comply with all applicable legal Safety and Health performance of individuals at different levels while considering their career advancement in the organization.
- Enhance Safety, Health & Environment (SHE) awareness amongst employees and associated stakeholders through effective communication and training.
- Ensure SHE responsibility amongst all the employees in their practices, promote and value their involvement in achieving the goals of this policy.
- Fix responsibility of SHE policy and procedures on the contractors, Sub-Contractors, Transporters and all other agencies operating with the Company.
- Integrate Health & Safety in all decision-making processes of the company including those dealings with purchase of plant equipment, machinery & materials as well as selection and placement of personnel.
- Adopt all the relevant techniques & methods such as risk assessment and safety audits at appropriate intervals of time to assess the status on Quality, Environment and Health & Safety and take relevant remedial measures to overcome problems encountered.

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

Human Resources

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

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

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

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

As on March 31, 2017, the total strength of employees stood at 582.

Management Discussion and Analysis (contd.)

Financial Review

Consolidated basis

The results of operations as of and for the years ended March 31, 2017 and 2016 on a consolidated basis is as follows

| Particulars | Fiscal Year 2017 | | Fiscal Year 2016 | |
|--|------------------|-------------------|------------------|-------------------|
| | (Rs. in Lakhs) | % of Total Income | (Rs. in Lakhs) | % of Total Income |
| Income | | | | |
| Net Sales | 37,990.91 | 94.89 | 50,675.12 | 96.17 |
| Other Income | 2,045.13 | 5.11 | 2,018.84 | 3.83 |
| Total Income | 40,036.04 | 100.00 | 52,693.96 | 100.00 |
| Expenditure | | | | |
| Consumption of Raw Material, Stores, Spare parts and Components | 22,099.55 | 55.20 | 25,992.96 | 49.33 |
| Purchases for Project Business | 3,480.27 | 8.69 | 8,096.49 | 15.37 |
| Purchases for EPC | 183.72 | 0.46 | 2,699.25 | 5.12 |
| Operating and Other Expenses | 11,423.05 | 28.53 | 13,187.09 | 25.03 |
| Interest and Finance Charges | | | | |
| On Fixed Loans | - | - | - | - |
| On Other Accounts | 414.29 | 1.03 | 498.15 | 0.95 |
| Loss on Sale of Fixed Assets | 25.14 | 0.06 | 30.86 | 0.06 |
| Depreciation Amortization of Technical Know-how | 2,785.55 | 6.96 | 2,880.71 | 5.47 |
| Total Expenditure | 40,411.57 | 100.94 | 53,385.51 | 101.31 |
| Profit Before Tax and Extraordinary Items | (375.54) | (0.94) | (691.55) | (1.31) |
| Provision for Taxation | 82.16 | - | 466.07 | - |
| Provision for Wealth Tax | - | - | - | - |
| Deferred Tax | (9.27) | - | (239.08) | - |
| Profit/(Loss) Before Extraordinary Items | (448.43) | - | (918.54) | (82.84) |
| Extraordinary Items | - | - | - | - |
| Provision no longer required | - | - | - | - |
| Adjustments Less: Provision no longer required with respect to earlier years adjusted to the respective year | - | - | - | - |
| Profit After Extraordinary Items | (448.43) | | (918.54) | (82.84) |
| Profit/(Loss) After Tax | (448.43) | | (918.54) | (82.84) |

Fiscal 2017 compared to Fiscal 2016

Income

Total income decreased by Rs. 12,657.93 Lakhs, or 24.02%, to Rs. 40,036.04 Lakhs in Fiscal 2017 from Rs. 52,693.96 Lakhs in Fiscal 2016, due to decrease in sales volume of Manufacturing, Projects & EPC Business.

-Net sales decreased by Rs. 12,684.22 Lakhs, or 25.03%, to Rs. 37,990.90 Lakhs in Fiscal 2017 from Rs. 50,675.12

Lakhs in Fiscal 2016, due to decrease in sales volume of Manufacturing, Projects & EPC Business.

-Net sales from our manufacturing business decreased by Rs. 4,914.63 Lakhs, or 13.69%, to Rs. 30,972.85 Lakhs in Fiscal 2017 from Rs. 35,887.48 Lakhs in Fiscal 2016. Net sales of our manufacturing business contributed 77.36 % and 68.11% of our Total Income in Fiscal 2017 and 2016, respectively.

Management Discussion and Analysis (contd.)

-Net sales from our Project Business including Japan Subsidiary decreased by Rs. 5,634.02 Lakhs, or 45.15%, to Rs. 6,845.59 Lakhs in Fiscal 2017 from Rs. 12,479.61 Lakhs in Fiscal 2016. Net sales of our Project Business contributed 17.10 % and 23.68% of our Total Income in Fiscal 2017 and 2016, respectively.

-Net Sales from EPC Business decreased by Rs. 2,135.57 Lakhs, or 92.53% to Rs. 172.46 Lakhs in Fiscal 2017 from Rs. 2,308.02 Lakhs in Fiscal 2016. Net sales of our EPC business contributed 0.43% and 4.38% of our Total Income in Fiscal 2017 and Fiscal 2016, respectively.

-Expressed as a percentage of total income, net sales decreased to 94.89% in Fiscal 2017 from 96.17% in Fiscal 2016.

-Other income contributed 5.11% and 3.83% of our total income in Fiscal 2017 and 2016, respectively. Other income increased by Rs. 26.29 Lakhs, or 1.30%, to Rs. 2,045.13 Lakhs in Fiscal 2017 from Rs. 2,018.84 Lakhs in Fiscal 2016. Interest from banks deposits increased by Rs. 16.68 Lakhs, or 1.29%, to Rs. 1,314.57 Lakhs in Fiscal 2017 from Rs. 1,297.89 Lakhs in Fiscal 2016.

Expenditure

Total expenditure decreased by Rs. 12,973.94 Lakhs, or 24.30%, to Rs. 40,411.57 Lakhs in Fiscal 2017 from Rs. 53,385.51 Lakhs in Fiscal 2016

-Consumption of raw material, stores, spare parts and components expenses decreased by Rs. 3,893.41 Lakhs, or 14.98%, to Rs. 22,099.55 Lakhs in Fiscal 2017 from Rs. 25,992.96 Lakhs in Fiscal 2016, primarily due to reduced sale of manufactured goods. Expressed as a percentage of total income, raw material consumed expenses increased to 55.20% in Fiscal 2017 from 49.33% in Fiscal 2016 due to reduced sales volume of projects and EPC business.

- Purchases for Project Business including Japan Subsidiary decreased by Rs. 4,616.22 Lakhs, or 57.02%, to Rs. 3,480.27 Lakhs in Fiscal 2017 from Rs. 8,096.49 Lakhs in Fiscal 2016, due to reduced business volume. Expressed as a percentage of total income, purchases for Project Business decreased to 8.69% in Fiscal 2017 from 15.37% in Fiscal 2016 .

-Purchases for EPC decreased by Rs. 2,515.53 Lakhs, or 93.19%, to Rs. 183.72 Lakhs in Fiscal 2017 from Rs. 2,699.25 Lakhs in Fiscal 2016, due to reduced business volumes. Expressed as a percentage of total income, purchases for EPC expenses decreased to 0.46 % in Fiscal 2017 from 5.12% in Fiscal 2016 .

-Operating and other expenses decreased by Rs. 1,764.04 Lakhs, or 13.38%, to Rs. 11,423.04 Lakhs in Fiscal 2017 from

Rs. 13,187.08 Lakhs in Fiscal 2016. Expressed as a percentage of total income, operating and other expenses is 28.53% in Fiscal 2017 when compared to 25.03% in Fiscal 2016.

-Power and fuel expenses decreased by Rs. 64.41 Lakhs, or 11.48%, to Rs. 496.47 Lakhs in Fiscal 2017 from Rs. 560.88 Lakhs in Fiscal 2016 on account of reduced volumes.

-Personnel expenses through salaries, wages and bonuses increased by Rs. 518.29 Lakhs or 11.31%, to Rs. 5,099.75 Lakhs in Fiscal 2017 from Rs. 4,581.46 Lakhs in Fiscal 2016 due to increase salary of workmen & staff.

-Welfare expenses decreased by Rs. 586.04 Lakhs, or 32.83%, to Rs. 1,198.96 Lakhs in Fiscal 2017 from Rs. 1,785.00 Lakhs in Fiscal 2016.

-Rent charges decreased by Rs. 86.36 Lakhs, or 56.25%, to Rs. 67.17 Lakhs in Fiscal 2017 from Rs. 153.53 Lakhs in Fiscal 2016 primarily due to termination of lease of office premises.

-Repair expenses decreased by Rs. 159.62 Lakhs, or 37.31%, to Rs. 268.22 Lakhs in Fiscal 2017 from Rs. 427.84 Lakhs in Fiscal 2016.

-Selling expenses decreased by Rs. 390.64 Lakhs, or 35.15%, to Rs. 720.80 Lakhs in Fiscal 2017 from Rs. 1,111.45 Lakhs in Fiscal 2016, on account of reduced business volumes.

-Insurance expenses increased by Rs. 13.17 Lakhs, or 18.39%, to Rs. 84.81 Lakhs in Fiscal 2017 from Rs. 71.63 Lakhs in Fiscal 2016, on account of larger coverage in the sum insured.

-Travelling expenses increased by Rs. 98.06 Lakhs, or 8.50%, to Rs. 1,252.32 Lakhs in Fiscal 2017 from Rs. 1,154.26 Lakhs in Fiscal 2016.

-Audit Fee decreased by Rs. 2.21 Lakhs, or 5.75%, to Rs. 36.29 Lakhs in Fiscal 2017 from Rs. 38.50 Lakhs in Fiscal 2016 primarily due to reduction in certification charges.

-Consultancy & Professional charges decreased by Rs. 67.08 Lakhs, or 12.88%, to Rs. 453.78 Lakhs in Fiscal 2017 from Rs. 520.87 Lakhs in Fiscal 2016 due to reduced business volumes.

-Bank charges increased by Rs. 642.38 Lakhs, or 310.13% to Rs. 849.52 Lakhs in Fiscal 2017 from Rs. 207.14 Lakhs in Fiscal 2016 on account of forex / translation loss (Rs. 618.49 lakhs) due to volatility of currency market.

-Royalty charges decreased by Rs. 61.62 Lakhs, or 91.37%, to Rs. 5.82 Lakhs in Fiscal 2017 from Rs. 67.44 Lakhs in Fiscal 2016 due to lower sale of product under license agreement.

-Direction charges including other expenses decreased by Rs. 140.01 Lakhs, or 43.82%, to Rs. 179.53 Lakhs in Fiscal 2017

Management Discussion and Analysis (contd.)

from Rs. 319.54 Lakhs in Fiscal 2016 due to lower payment of managerial remuneration.

-Interest and finance charges decreased by Rs. 83.86 Lakhs, or 16.83%, to Rs. 414.29 Lakhs in Fiscal 2017 from Rs. 498.15 Lakhs in Fiscal 2016, due to reduced interest rates.

-Depreciation and amortization of technical know-how expense decreased by Rs. 95.15 Lakhs, or 3.30%, to Rs. 2,785.55 Lakhs in Fiscal 2017 from Rs. 2,880.71 Lakhs in Fiscal 2016.

-Loss before tax and extraordinary items decreased by

Rs. 316.01 Lakhs, or 45.70%, to Rs. 375.54 Lakhs in Fiscal 2017 from Rs. 691.55 Lakhs in Fiscal 2016.

-Tax expense decreased by Rs. 154.10 Lakhs, or 67.89%, to Rs. 72.89 Lakhs in Fiscal 2017 from Rs. 226.99 Lakhs in Fiscal 2016 due to lower profits.

- loss after tax decreased by Rs. 470.11 Lakhs, to Rs. 448.43 Lakhs in Fiscal 2017 from Rs. 918.54 Lakhs in Fiscal 2016.

The consolidated net worth stands at Rs 46879.70 decrease of Rs 447.75 lacs over Fiscal 2016.

Standalone basis

The results of operations as of and for the years ended March 31, 2017 and 2016 on a stand-alone basis, comprising of manufacturing business and projects business is as follows:

| Particulars | Fiscal Year 2017 | | Fiscal Year 2016 | |
|--|------------------|-------------------|------------------|-------------------|
| | (Rs. in Lakhs) | % of Total Income | (Rs. in Lakhs) | % of Total Income |
| Income | | | | |
| Net Sales | 36,944.03 | 95.37 | 45,535.02 | 95.99 |
| Other Income | 1,794.04 | 4.63 | 1,901.13 | 4.01 |
| Total Income | 38,738.07 | 100.00 | 47,436.15 | 100.00 |
| Expenditure | | | | |
| Consumption of Raw Material, Stores, Spare parts and Components | 22,098.48 | 57.05 | 25,761.06 | 54.31 |
| Purchases for Project Business | 2,699.96 | 6.97 | 5,493.29 | 11.58 |
| Operating and Other Expenses | 10,692.17 | 27.60 | 11,170.07 | 23.55 |
| Interest and Finance Charges | | | | |
| On Fixed Loans | | | | |
| On Other Accounts | 406.17 | 1.05 | 481.45 | 1.01 |
| Loss on Sale of Fixed Assets | - | | - | |
| Depreciation Amortization of Technical Knowhow | 2,772.21 | 7.16 | 2,837.62 | 5.98 |
| Total Expenditure | 38,668.99 | 99.82 | 45,743.49 | 96.43 |
| Profit Before Tax and Extraordinary Items | 69.08 | 0.18 | 1,692.66 | 3.57 |
| Provision for Taxation | 64.00 | - | 465.00 | - |
| Provision for Wealth Tax | - | - | - | - |
| Deferred Tax | (3.82) | - | (270.22) | - |
| Fringe Benefit Tax | - | - | - | - |
| Profit Before Extraordinary Items | 8.90 | - | 1,497.88 | - |
| Extraordinary Items – Provision No longer required | - | - | - | - |
| Adjustments Less: Provision no longer required with respect to earlier years adjusted to the respective year | - | - | - | - |
| Profit After Extraordinary Items | 8.90 | - | 1,497.88 | - |
| Profit/(Loss) After Tax | 8.90 | - | 1,497.88 | - |

Management Discussion and Analysis (contd.)

Fiscal 2017 compared to Fiscal 2016

Income

Total income decreased by Rs. 8,698.08 Lakhs, or 18.34%, to Rs. 38,738.07 Lakhs in Fiscal 2017 from Rs. 47,436.15 Lakhs in Fiscal 2016, due to decrease in sales volume of Manufacturing & Projects Business.

-Net sales decreased by Rs. 8,590.99 Lakhs, or 18.87%, to Rs. 36,944.03 Lakhs in Fiscal 2017 from Rs. 45,535.02 Lakhs in Fiscal 2016, due to decrease in sales volume of Manufacturing & Projects Business.

-Net sales from our manufacturing business decreased by Rs. 5,013.35 Lakhs, or 13.95%, to Rs. 30,912.57 Lakhs in Fiscal 2017 from Rs. 35,925.91 Lakhs in Fiscal 2016. Net sales of our manufacturing business contributed 79.80% and 75.74% of our Total Income in Fiscal 2017 and 2016, respectively.

-Net sales from our Project Business decreased by Rs. 3,577.64 Lakhs, or 37.23%, to Rs.6,031.46 Lakhs in Fiscal 2017 from Rs. 9,609.10 Lakhs in Fiscal 2016. Net sales of our Project Business contributed 15.57% and 20.26% of our Total Income in Fiscal 2017 and 2016, respectively.

-Expressed as a percentage of total income, net sales remained flat at 95.37% in Fiscal 2017 versus 95.99% in Fiscal 2016.

-Other income contributed 4.63% and 4.01% of our total income in Fiscal 2017 and 2016, respectively. Other income decreased by Rs. 107.09 Lakhs, or 5.63%, to Rs. 1,794.04 Lakhs in Fiscal 2017 from Rs. 1,901.13 Lakhs in Fiscal 2016 on account of currency volatility resulting in exchange / translation loss during current year. Interest from banks deposits increased by Rs. 144.21 Lakhs, or 13.61%, to Rs. 1,203.47 Lakhs in Fiscal 2017 from Rs. 1,059.26 Lakhs in Fiscal 2016.

Expenditure

Total expenditure decreased by Rs. 7,074.50 Lakhs, or 15.47%, to Rs. 38,668.99 Lakhs in Fiscal 2017 from Rs. 45,743.49 Lakhs in Fiscal 2016.

-Consumption of raw material, stores, spare parts and components expenses decreased by Rs. 3,662.58 Lakhs, or 14.22%, to Rs. 22,098.48 Lakhs in Fiscal 2017 from Rs. 25,761.06 Lakhs in Fiscal 2016, primarily due to reduction in sales of manufactured goods. Closing stock (of work-in-progress and finished goods) decreased by Rs. 228.09 Lakhs, or 7.29%, to Rs. 2,901.87 Lakhs in Fiscal 2017 from Rs. 3,129.96 Lakhs in Fiscal 2016. Expressed as a percentage of total income, raw material consumed expenses increased to 57.05% in Fiscal 2017 from 54.31% in Fiscal 2016 due to increased volumes and change in product mix.

- Purchases for Project Business decreased by Rs. 2,793.32 Lakhs, or 50.85%, to Rs. 2,699.96 Lakhs in Fiscal 2017 from

Rs. 5,493.29 Lakhs in Fiscal 2016, due to reduced business volume. Expressed as a percentage of total income, purchases for Project Business decreased to 6.97% in Fiscal 2017 from 11.58% in Fiscal 2016 due to reduced business volumes.

-Operating and other expenses decreased by Rs. 477.98 Lakhs, or 4.28%, to Rs. 10,692.09 Lakhs in Fiscal 2017 from Rs. 11,170.07 Lakhs in Fiscal 2016.

-Power and fuel expenses decreased by Rs. 59.01 Lakhs, or 10.63%, to Rs. 496.24 Lakhs in Fiscal 2017 from Rs. 555.25 Lakhs in Fiscal 2016 on account of reduced volumes

-Personnel expenses through salaries, wages and bonuses increased by Rs. 600.55 Lakhs, or 14.72%, to Rs. 4,680.24 Lakhs in Fiscal 2017 from Rs. 4,079.69 Lakhs in Fiscal 2016 due to increase salary of workmen & staff.

-Welfare expenses decreased by Rs. 435.31 Lakhs, or 27.03%, to Rs. 1,175.10 Lakhs in Fiscal 2017 from Rs. 1,610.41 Lakhs in Fiscal 2016.

-Rent charges decreased by Rs. 60.42 Lakhs, or 55.55%, to Rs. 48.36 Lakhs in Fiscal 2017 from Rs. 108.78 Lakhs in Fiscal 2016 primarily due to termination of lease of office premises.

-Repair expenses decreased by Rs. 157.38 Lakhs, or 37.53%, to Rs. 261.95 Lakhs in Fiscal 2017 from Rs. 419.34 Lakhs in Fiscal 2016.

-Selling expenses decreased by Rs. 390.48 Lakhs, or 35.16%, to Rs. 720.09 Lakhs in Fiscal 2017 from Rs. 1,110.57 Lakhs in Fiscal 2016, on account of reduced business volumes.

-Vehicle Maintenance expenses increased by Rs. 8.69 Lakhs, or 18.28%, to Rs. 56.25 Lakhs in Fiscal 2017 from Rs. 47.55 Lakhs in Fiscal 2016.

-Insurance expenses increased by Rs. 7.37 Lakhs, or 10.63%, to Rs. 76.64 Lakhs in Fiscal 2017 from Rs. 69.27 Lakhs in Fiscal 2016, on account of larger coverage in the sum insured.

-Travelling expenses increased by Rs. 88.77 Lakhs, or 8.25%, to Rs. 1,164.30 Lakhs in Fiscal 2017 from Rs. 1,075.53 Lakhs in Fiscal 2016.

- Audit Fee decreased by Rs. 2.21 Lakhs, or 7.22%, to Rs. 28.44 Lakhs in Fiscal 2017 from Rs. 30.65 Lakhs in Fiscal 2016 primarily due to reduction in certification charges.

-Consultancy & Professional charges decreased by Rs. 66.59 Lakhs, or 15.82%, to Rs. 354.39 Lakhs in Fiscal 2017 from Rs. 420.99 Lakhs in Fiscal 2016 due to reduced business volumes.

-Bank charges increased by Rs. 669.42 Lakhs, or 420.12% to Rs. 828.75 Lakhs in Fiscal 2017 from Rs. 159.34 Lakhs in Fiscal 2016 on account of forex / translation loss (Rs. 618.49 lakhs) due to volatility of currency market.

Management Discussion and Analysis (contd.)

-Royalty charges decreased by Rs. 61.62 Lakhs, or 91.37%, to Rs. 5.82 Lakhs in Fiscal 2017 from Rs. 67.44 Lakhs in Fiscal 2016 due to lower sale of product under license agreement.

-Direction charges including other expenses decreased by Rs. 138.68 Lakhs, or 44.42%, to Rs. 173.55 Lakhs in Fiscal 2017 from Rs. 312.24 Lakhs in Fiscal 2016 due to lower payment of managerial remuneration.

-Manufacturing expenses decreased by Rs. 68.14 Lakhs, or 36.62%, to Rs. 117.93 Lakhs in Fiscal 2017 from Rs. 186.07 Lakhs in Fiscal 2016.

-Expressed as a percentage of total income, operating and other expenses is 27.60 % in Fiscal 2017 when compared to 23.55% in Fiscal 2016.

-Interest and finance charges decreased by Rs. 75.28 Lakhs, or 15.64%, to Rs. 406.17 Lakhs in Fiscal 2017 from Rs. 481.45 Lakhs in Fiscal 2016, due to reduced interest rates.

-Depreciation and amortization of technical know-how expense decreased by Rs. 65.41 Lakhs, or 2.31%, to Rs. 2,772.21 Lakhs in Fiscal 2017 from Rs. 2,837.62 Lakhs in Fiscal 2016 on account of completion of useful life of asset.

-Profit before tax and extraordinary items decreased by Rs. 1,623.58 Lakhs, or 95.92%, to Rs. 69.08 Lakhs in Fiscal 2017 from Rs. 1,692.66 Lakhs in Fiscal 2016 due to reduced sales volumes.

-Tax expense including deferred tax decreased by Rs. 134.60 Lakhs, or 69.10%, to Rs. 60.18 Lakhs in Fiscal 2017 from Rs. 194.78 Lakhs in Fiscal 2016 due to lower profits.

- Profit after tax decreased by Rs. 1,488.98 Lakhs, or 99.41%, to Rs. 8.90 Lakhs in Fiscal 2017 from Rs. 1,497.88 Lakhs in Fiscal 2016.

Forward-Looking Statement

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

For and on behalf of the Board of Directors

Mohib N. Khericha **Nikhil Kumar**
Chairman Managing Director

Bangalore **K. G. Prabhakar** **N. Srivatsa**
May 18, 2017 Director & CFO Company Secretary

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Annexure to the Directors' Report (contd.)

ANNEXURE – 10

CORPORATE GOVERNANCE REPORT

Company's Philosophy

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

Our Corporate Governance Report for fiscal 2017 forms part of this Annual Report.

I. Board of Directors and Procedures

The composition of the Board of Directors as on March 31, 2017 comprised of seven Directors consisting of a Non-Executive Chairman, a Managing Director (“MD”), Whole time Director and four Independent Directors including a Women Director. The positions of the Chairman of the Board and the Managing Director (Chief Executive Officer) of the Company are held by separate individuals. The Chairman of the Board is a Non-Executive Non-Independent Director and one of the Promoters.

A. Composition & Category of Directors, Attendance at Board Meetings & Annual General Meeting, Membership of other Boards/Committees as on March 31, 2017

| Name | Category | Board meetings during the year | Board meetings attended | Attendance at Last AGM | Directorship in other companies | Chairmanship / Committee membership of other Companies* | |
|------------------------|------------------------|--------------------------------|-------------------------|------------------------|---------------------------------|---|--------|
| | | | | | | Chairman | Member |
| Mr. Mohib N. Khericha | Non-Executive Chairman | 4 | 4 | Yes | 15 | 3 | 1 |
| Mr. Nikhil Kumar | Managing Director | 4 | 4 | Yes | 3 | Nil | Nil |
| Ms. Nandita Lakshmanan | Independent Director | 4 | 2 | Yes | 2 | Nil | Nil |
| Dr. Arjun Kalyanpur | Independent Director | 4 | 3 | No | 5 | Nil | Nil |
| Mr. Nitin Bagamane | Independent Director | 4 | 4 | Yes | 8 | Nil | Nil |
| Mr. Ravi Kanth Mantha | Independent Director | 4 | 3 | Yes | 7 | Nil | Nil |
| Mr.K G Prabhakar | Executive Director | 4 | 4 | Yes | 1 | Nil | Nil |

Note

- *As required by clause 26 of the LODR, disclosures includes chairpersonship and membership of the Audit Committee and the Stakeholders' Relationship Committee of Public Limited companies.
- Number of Directorship held in other Companies includes Private Limited Companies and public (listed/unlisted) Limited Companies and excludes Foreign Companies and Companies under Section 8 of the Companies Act, 2013 (“The Act”) in which he/she is a Director.
- The necessary disclosures regarding change in Committee positions, if any, have been made by all the Directors, during the year under review. None of the Director is a Member of more than 10 Committees or Chairman of more than 5 Committees across all Indian public limited Companies in which he/she is a Director.
- None of the Directors had any relationship inter-se.
- Excepting Mr. Mohib N. Khericha who holds 37,30,960 Equity Shares, no other Non-Executive Director holds shares of the Company.
- The Company has proper systems to enable the Board to periodically review compliance reports of all laws applicable to the Company, as prepared by the Company.

Corporate Governance Report (contd.)

7. None of the Non-executive Directors held convertible instruments of the Company during the financial year ended 31st March 2017.

B. Board Meetings

The Board meets at least once in a quarter to review the quarterly results and other items on the agenda. During the year, the Board met four times on May 11, 2016, August 03, 2016, November 03, 2016 and February 02, 2017. The maximum gap between any two Board Meetings was less than one hundred and twenty days. Agenda papers including draft minutes are circulated well in advance of Board meetings to the members. It contains vital and adequate information facilitating deliberations at the meeting.

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

-Annual Business Plan which includes capital expenditure and manpower budget. The capital expenditure proposals sanctioned and actual amounts incurred are reported on a quarterly basis. Reasons for variance between the budget and actuals are also explained.

-Information on recruitment of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and Company Secretary.

-Report on statutory compliance, show cause notices, penalties, suits filed by/against the company and shareholders grievances, etc.

-Quarterly financial results for the Company and for the group companies with analysis of performance.

-Minutes of the meetings of Board appointed committees.

-Significant labor problems, if any, and their proposed solutions, wage agreements etc.

-Safety issues - fatal or serious accidents in the plants, dangerous occurrences, any material effluent or pollution problems.

-Any material default in financial obligations to and by the Company.

-Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which may have passed

strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.

-Matters relating to related party transactions & statutory compliance.

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

C. Code of Conduct

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

D. Disclosure regarding Appointment or Reappointment of a Director

At the ensuing Annual General Meeting of the Company Mr. Mohib N. Khericha retires by rotation and being eligible offers himself for reappointment.

Mr. Mohib N. Khericha – aged 64 years, Non-Executive Chairman of the Company since July 5, 2001. He is a Chartered Accountant with over four decades experience in capital structuring, restructuring, financial management and loan syndication. He ventured into merchant banking in the year 1994.

Mr. Mohib N. Khericha holds 37,30,960 equity shares of the Company being 11.23% of paid up capital. He has attended all four board meetings of the Company during 2016 -17.

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

He does not have any relationship inter-se between other directors.

E. Independent Directors:

1. Independent Director means a Non-Executive Director, who fulfills the criteria as laid down in Regulation 25 of the LODR.
2. None of the Independent Directors of the Company

Corporate Governance Report (contd.)

serve as an Independent Director in more than seven listed companies and where any Independent Director is serving as whole-time director in any listed company, such director is not serving as Independent Director in more than three listed companies.

3. The maximum tenure of Independent Directors is in accordance with the Companies Act, 2013 and rules made thereunder, in this regard, from time to time.
4. During the year, separate meeting of the Independent Directors was held on February 02, 2017 without the attendance of non-independent directors and members of the management. All Independent Directors attended the said meeting.
5. The Company has issued formal letter of appointment to its Independent Directors appointed at the Annual General Meeting ("AGM") held on August 12, 2014, and the terms and conditions of said Letter are published on the website of the Company www.tdps.co.in.
6. None of the Independent Directors are due for re-appointment.

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

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

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

The Company shall on an annual basis brief its Directors inter alia about the Company's business model, shareholder profile, financial details, their roles, rights and responsibilities in the Company. The Board shall also be periodically briefed on the various changes in the regulations governing the conduct of Independent Directors. The above

familiarization program is placed on our website www.tdps.co.in.

G. Performance Evaluation

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

H. Board Evaluation

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

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

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

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

One of the key functions of the Board is to monitor and review the Board evaluation framework. The board works with the Nomination & Remuneration Committee to lay down the evaluation criteria for the performance of executive/nonexecutive/independent directors through a peer evaluation. The questionnaire of the survey is a key part of the process of reviewing the functions and effectiveness of the board and identifying possible path for improvement. Each Board members is requested to evaluate the effectiveness of the board dynamics and relationship, information flow, decisions making of the directors, relationship with the stakeholders, company performance and strategy, and the effectiveness of the whole board and its various committee. Feedback on each director is encouraged. The evaluation process for fiscal 2017 has been completed.

Corporate Governance Report (contd.)

An independent directors' meeting was held to review the following

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

I. Remuneration of Directors

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

Disclosures with respect to remuneration paid to individual directors.

1. Details are provided in Annexure 1- the extract of the Annual Return, annexed to the Directors Report in Form MGT-9 as required under the provisions of Section 92 of the Companies Act, 2013.
2. Fixed component
Details of remuneration paid to the Managing Director and Whole Time Director for the Fiscal 2017 are provided in Annexure 1 of the extract of the Annual Return, annexed to the Directors Report in Form MGT-9 as required under the provisions of Section 92 of the Companies Act, 2013.
3. Service contract, notice period, severance fees – Executive directors
The Company's Board comprises two executive directors, namely, Mr. Nikhil Kumar, Managing Director and Mr. K. G. Prabhakar, Whole Time Director & CFO. The remuneration of the Managing Director and Whole Time Director is governed by the agreement between the Company and Executive Directors which has been approved by the Board of Directors and the shareholders. The appointment of Mr. Nikhil Kumar, Managing Director is for a period of five years commencing from January 17, 2016 as provided in the service agreement with the Managing Director and appointment of Mr. K. G. Prabhakar, Whole Time Director is for period of three years up to June 2018. The remuneration broadly comprises fixed

component i.e. salary, allowances, perquisites and other benefits and a variable component in the form of commission on the profits of the Company.

4. Stock options- Nil

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

J. Remuneration Policy

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

- The remuneration / compensation / commission etc. to the Whole-time Director, Key Managerial Personnel (KMP) and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration/compensation/commission etc. shall be subject to the prior/post approval of the Shareholders of the Company and Central Government, wherever required.
- The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the provisions of the Act.
- Increments to the existing remuneration/compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director.
- Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Financial Officer ("CFO"), the Company Secretary ("CS") and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

Corporate Governance Report (contd.)

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

- **Fixed Pay**

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

- **Minimum Remuneration**

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

- **Provisions for excess Remuneration**

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

Criteria of making payments to non-executive directors

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

Profit-linked Commission

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

Stock Options

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

II Board Committees

A. Audit committee:

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

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

The Chairman of the Audit Committee Mr. Nitin Bagamane attended the 17th Annual General Meeting held on Thursday, September 22, 2016.

The Audit Committee met four (4) times during the financial year ended March 31, 2017 on May 11, 2016, August 03, 2016, November 03, 2016 and February 02, 2017. Particulars of attendance by the members of the Committee during the year ended March 31, 2017 are as follows:

| Date of meeting | Members Present |
|-------------------|---|
| May 11, 2016 | Mr. Nitin Bagamane, Mr. Mohib N. Khericha & Mr. Ravi Kanth Mantha |
| August 03, 2016 | Mr. Nitin Bagamane, Mr. Mohib N. Khericha, Dr. Arjun Kalyanpur and Ms. Nandita Lakshmanan |
| November 03, 2016 | Mr. Nitin Bagamane, Mr. Mohib N. Khericha, Mr. Ravi Kanth Mantha and Dr. Arjun Kalyanpur |
| February 02, 2017 | Mr. Nitin Bagamane, Mr. Mohib N. Khericha, Mr. Ravi Kanth, Dr. Arjun Kalyanpur and Ms. Nandita Lakshmanan |

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

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

All the recommendations made by the audit committee during the year were accepted by the board.

Corporate Governance Report (contd.)

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

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

B. Nomination and Remuneration Committee:

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

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

During the financial year 2016-2017, two meetings were held on August 03, 2016 and February 02, 2017. Particulars of attendance by the members of the Committee during the year ended March 31, 2017 are as follows.

| Date of meeting | Members present |
|-------------------|---|
| August 03, 2016 | Dr. Arjun Kalyanpur, Mr. Mohib N. Khericha and Ms. Nandita Lakshmanan |
| February 02, 2017 | Dr. Arjun Kalyanpur, Mr. Mohib N. Khericha and Ms. Nandita Lakshmanan |

The powers, role and terms of reference of the Nomination and Remuneration Committee covers the areas as contemplated under Regulation 19 and Part D of the Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations

2015 and Section 178 of the Companies Act, 2013 and includes the following

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

Performance evaluation criteria for independent directors

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

C. Stakeholders' Relationship Committee

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

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

During the financial year ended March 31, 2017, three complaints have been received from the shareholders and no complaint is pending for resolution. The Committee has not met during financial year ended March 31, 2017.

| Particular | Number of Complaints |
|--|----------------------|
| Shareholders Complaints received so far | 3 |
| Not resolved to the Satisfaction to the shareholders | Nil |
| Pending complaints | Nil |

Corporate Governance Report (contd.)

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

D. Risk Management Committee and policy

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

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

III. Subsidiaries

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

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

Indian Subsidiary

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

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

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

Overseas Subsidiaries

USA Subsidiary

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

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

Japan Subsidiary

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

German Subsidiary

Company acquired Platin1255. GmbH, a German company on January 13, 2016. Subsequently the name of Platin 1255. GmbH has been changed to TD Power Systems Europe GmbH. (TDPS Europe) Office of the company is located at Paul - Ehrlich - Strasse 1a, 63225 Langen. Mr. Nikhil Kumar, Managing Director of TD power Systems Limited and Mr. Roeland Nollen are the Managing Directors of TDPS Europe.

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

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.

IV. Related party transaction

During the year 2016-17, the Company had no materially significant related party transaction, which is considered to have potential conflict with the interests of the Company at large.

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

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

Corporate Governance Report (contd.)

V. General Body Meetings

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

| Financial Year Ended | Date & Time | Venue | Special Resolutions passed |
|----------------------|--------------------------------|---|---|
| March 31, 2014 | August 12, 2014 10.30 AM | The Chancery Pavilion, 135, Residency Road, Bangalore - 560 025 | Increase the FII Limits. Borrowing Powers to the Board of Directors |
| March 31, 2015 | September 23, 2015 10.30 AM | Hotel Le Meridien, No. 28, Sankey Road (Opp Bangalore Golf Course), Bangalore 560052 | Nil |
| March 31, 2016 | September 22, 2016 10.30 AM | Hotel Le Meridien, No. 28, Sankey Road (Opp Bangalore Golf Course), Bangalore 560 052 | Nil |

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

VI. Means of Communication

Quarterly/Half Yearly/Yearly Results

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

Financial results, duly approved by the Board, are forwarded to the Stock Exchanges (BSE & NSE) and also displayed on Company's Website www.tdps.co.in. Along with the financial results, other information as per the Listing Agreement/ SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 such as Annual Report, Shareholding Pattern and official news/press releases are filed with BSE on <http://listing.bseindia.com> and with NSE through <https://www.connect2nse.com/LISTING/> (NSE Electronic Application Processing System (NEAPS)) and also on companies website www.tdps.co.in. The Company conducts earnings calls after the board meeting to discuss financial results of the Company for the quarter, half year and year ended. The presentations made to the institutional investors or analysts, if any, are sent to Stock Exchanges and uploading the same on the website of the Company www.tdps.co.in.

VII. General Shareholder Information

a. Annual General Meeting

Day, Date and Time : Wednesday, 27th September 2017 at 10.30 AM

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

b. Financial Year

A twelve-month period starting from April 1, 2016 to March 31, 2017.

c. Dividend Payment Date

The dividend, as recommended by the Board of Directors, if declared at the ensuing Annual General Meeting will be paid within the statutory period of 30 days.

d. Date of Book closure

The Company's Register of Members and Share Transfer Book's will remain closed from September 21, 2017 to September 27, 2017 (both days inclusive) for the purpose of Annual General Meeting.

e. Listing on Stock Exchanges and Stock Code

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

Stock codes are as follows:

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

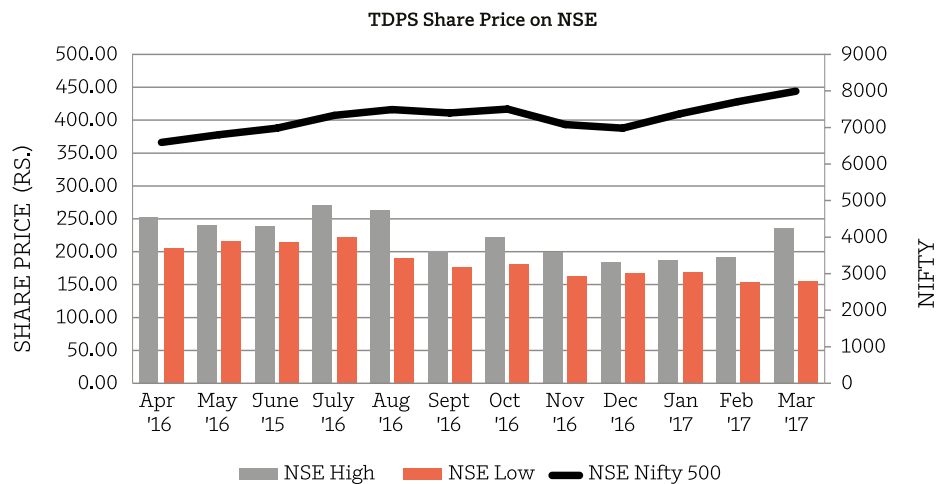
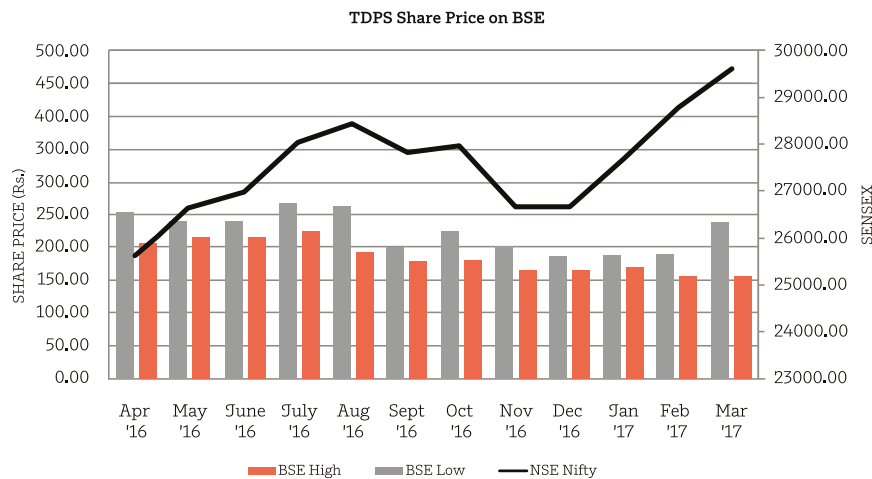
Corporate Governance Report (contd.)

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 | High (Rs.) | Low (Rs.) | Close (Rs.) | Volume |
| Apr -16 | 252.00 | 205.00 | 234.60 | 95928 | 252.95 | 204.80 | 238.55 | 475020 |
| May-16 | 239.60 | 214.00 | 218.00 | 61644 | 240.10 | 216.00 | 218.50 | 420375 |
| Jun - 16 | 239.75 | 213.00 | 225.30 | 58613 | 239.45 | 215.00 | 225.80 | 273880 |
| Jul - 16 | 266.00 | 222.50 | 256.80 | 65470 | 270.75 | 221.60 | 258.65 | 204156 |
| Aug -16 | 261.95 | 192.00 | 193.45 | 371876 | 262.35 | 190.25 | 193.60 | 1187880 |
| Sep - 16 | 200.00 | 178.00 | 180.30 | 92714 | 200.00 | 176.60 | 181.30 | 703281 |
| Oct - 16 | 222.00 | 180.00 | 194.30 | 574916 | 223.00 | 181.05 | 193.65 | 1102923 |
| Nov - 16 | 200.50 | 164.00 | 177.15 | 103899 | 199.30 | 162.55 | 175.05 | 331645 |
| Dec -16 | 184.65 | 165.15 | 170.15 | 49943 | 184.60 | 167.15 | 169.70 | 193503 |
| Jan - 17 | 187.00 | 168.10 | 178.25 | 71285 | 187.50 | 168.00 | 178.35 | 662387 |
| Feb -17 | 187.70 | 156.05 | 157.20 | 106893 | 191.85 | 153.00 | 157.00 | 706674 |
| Mar -17 | 236.55 | 155.00 | 231.25 | 2996745 | 235.90 | 155.60 | 230.90 | 4738046 |

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 101, 247 Park, L B S Marg, Vikhroli West,
Mumbai 400 083 Tel No: +91 22 49186000

date of receipt. Requests for dematerialization of shares are processed and confirmation thereof is given to the respective depositories i.e. National Securities Depository Ltd. (NSDL) and Central Depository Services India Limited (CDSL) within the statutory time limit from the date of receipt of share certificates provided the documents are complete in all respects.

i. Share Transfer System

Share transfers are registered and returned in the normal course within a period of 15 days from the

j. Distribution of shareholding as on March 31, 2017

| Shareholding of Nominal Shares | Shareholders | % to Total Shareholders | Total Shares | % of Paid up Capital |
|--------------------------------|--------------|-------------------------|-----------------|----------------------|
| 1 to 500 | 5669 | 81.3110 | 621087 | 1.87 |
| 501 to 1000 | 629 | 9.0218 | 505127 | 1.52 |
| 1001 to 2000 | 298 | 4.2742 | 455634 | 1.37 |
| 2001 to 3000 | 97 | 1.3913 | 242291 | 0.73 |
| 3001 to 4000 | 55 | 0.7889 | 196530 | 0.59 |
| 4001 to 5000 | 36 | 0.5164 | 169010 | 0.51 |
| 5001 to 10000 | 84 | 1.2048 | 624762 | 1.88 |
| Above 10000 | 104 | 1.4917 | 30423147 | 91.53 |
| Total | 6972 | 100.00 | 33237588 | 100.00 |

Note: The above statement of distribution of shareholding as on 31.03.2017 is as provided by the Registrar & Share Transfer Agents, Link Intime India Private Limited.

k. Dematerialisation of Shares and Liquidity as on March 31, 2017

| Description | No. of Holder | No. of Shares | % of Equity |
|--------------|---------------|-----------------|---------------|
| Physical | 1 | 2 | 0.00 |
| NSDL | 3942 | 22340552 | 67.21 |
| CDSL | 3029 | 10897034 | 32.79 |
| Total | 6972 | 33237588 | 100.00 |

l. Shareholding pattern as on March 31, 2017

| Sl. No. | Category | Number of Shares | % of Holding |
|------------|--|------------------|---------------|
| (A) | Promoters & Promoters Group | | |
| 1 | Promoters | | |
| (1a) | Individual (Indian Nationals) | 8369624 | 25.18 |
| (1b) | Individual (Foreign National) | 3235254 | 9.73 |
| (1c) | Body Corporate | 5026433 | 15.12 |
| 2 | Promoters Group | 1334252 | 4.02 |
| | Total (A1 + A2) | 17965563 | 54.05 |
| (B) | Public Shareholding | | |
| 1 | Mutual Funds | 6737168 | 20.27 |
| 2 | Foreign portfolio Investors | 1716795 | 5.17 |
| 3 | Financial Institutions / Banks | 10489 | 0.03 |
| 4 | Individuals | 3086176 | 9.28 |
| 5 | Others | 3721397 | 11.20 |
| | Total B | 15272025 | 45.95 |
| | Grand Total (A + B) | 33237588 | 100.00 |

Corporate Governance Report (contd.)

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

No outstanding GDRs/ADRs/Warrants or any Convertible instruments

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

o. Registered Office & Factory

Unit I:

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

Unit II:

Sy. No. 59/2, Yedehalli Village
Nelamangala Taluk, Sompura Hobli
Dabaspeta, Bangalore, Karnataka - 562 111

p. Compliance Officer

N. Srivatsa

Company Secretary & Compliance Officer

q. Address for correspondence

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

Registered Office & Factory

TD POWER SYSTEMS LIMITED

27, 28 & 29 KIADB Industrial Area
Dabaspeta, Nelamangala Taluk
Bangalore, Karnataka - 562 111
Ph.: + 091-080-2299 5700
Fax: 091-080-2299 5718

VIII. Other Disclosure

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

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

2. CEO / CFO Certification

As required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Managing Director and Chief Financial Officer of the Company have certified to the Board of Directors, inter alia, the accuracy of financial statements and adequacy of internal controls for the financial reporting purpose as required under the Listing Agreement / LODR, for the year ended March 31, 2017. The said certificate forms part of this report.

3. Compliance certificate from Practicing Company Secretary

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

4. Accounting treatment in preparation of Financial Statements

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

5. Code for prevention of Insider Trading/Fair Disclosure

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015 ("SEBI PIT Regulations"), the Company has adopted a Code for Prevention of Insider Trading. The objective of the code is to restrict an insider from dealing in the shares of the Company either directly or indirectly when in possession of unpublished price sensitive information (UPSI) and also to restrict communication of such UPSI. The code is applicable to the directors and designated employees. The code enumerates the procedure to be followed for dealing in the shares of the Company and periodic disclosures to be made. It also restricts the insiders from dealing in the company's shares during the period when the 'Trading Window' is announced closed. The Company Secretary has been designated as the Compliance Officer.

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

Corporate Governance Report (contd.)

6. Management Discussion and Analysis Report

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

7. Whistle Blower Policy / Vigil Mechanism

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

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

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

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

The above policy is available on our website www.tdps.co.in.

8. Board Diversity

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

The Company maintains that Board appointment should be based on merit that complements and expands the skills, experience and expertise of

the Board as a whole, taking into account gender, age, professional experience and qualifications, cultural and educational background, and any other factors that the Board might consider relevant and applicable from time to time towards achieving a diverse Board.

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

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

9. E-Voting

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

10. Mandatory Requirements

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

11. Discretionary Requirements

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

- Separate posts of Chairman and CEO - The Chairman and Managing Director/ CEO are two separate persons.
- Reporting of Internal Auditor - The Internal Auditor reports directly to the Audit Committee.
- Audit Qualifications - The Company has unqualified financial statements during the financial year 2016-17.

Corporate Governance Report (contd.)

12. Information through Company's Website

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

Bangalore
May 18, 2017

For and on behalf of the Board of Directors

Mohib N. Khericha Chairman
Nikhil Kumar Managing Director

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

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

The Board of Directors
TD Power Systems Limited (Company)
27, 28 & 29, KIADB Industrial Area
Dabaspet, Nelamangala Taluk
Bangalore 562 111

This is to certify that:

- A. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2017 and that to the best of our knowledge and belief:
1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 2. These statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee
1. That there have been no significant changes in internal control over financial reporting during the year;
 2. That there have been no significant changes in accounting policies during the year needing specific disclosure in the notes to the financial statements; and
 3. The instances of significant fraud of which we have become aware and confirmed that no member of the management or an employee having a significant role in the listed entity's internal control system over financial reporting is involved therein.

Bangalore
May 18, 2017

Nikhil Kumar
Managing Director

K. G. Prabhakar
Director & CFO

Corporate Governance Report (contd.)

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

The Board of Directors

TD Power Systems Limited (Company)

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

On the basis of the written declarations received from members of the board and senior management personnel in terms of the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is hereby certified that, for the year ended March 31, 2017, 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 18, 2017

Nikhil Kumar
Managing Director

Certificate on Corporate Governance

To
The Members,
TD Power Systems Limited
Bangalore

I have examined the compliance of conditions of corporate governance, as stipulated in Securities and Exchange Board India (Listing Obligations and Disclosure Requirements) Regulations, 2015 by TD Power Systems Limited (the Company) for the year ended on March 31, 2017.

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

In my opinion and to the best of my information and according to the explanations given to me, I certify that the company has complied with all the applicable conditions of Corporate Governance as stipulated in the Securities and Exchange Board India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

Bangalore
May 18, 2017

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

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, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information, in which are incorporated the Returns for the year ended on that date audited by the branch auditors of the Company's branch at Japan.

Management's Responsibility for the Standalone Financial Statements

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

Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2017, 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.20,92,21,734/- as at 31st March, 2017 and total revenues of Rs.52,73,67,661/- for the year ended on that date, as considered in the standalone financial statements. The financial statements of the branch has been audited by the branch auditors whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of the branch, is based solely on the report of such branch auditors.

Our opinion is not modified in respect of this matter. The company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of accounts maintained by the company and produced as to us by the management – Refer note 37

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Sub-Section (11) of Section 143 of the

Independent Auditors' Report (contd.)

Act, we give in the annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by the Section 143(3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
- c. The reports on the accounts of the branch offices of the Company audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.
- d. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from the branch not visited by us.
- e. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- f. On the basis of the written representations received from the directors as on March 31, 2017 taken on the

record by the Board of Directors, none of the directors is disqualified as on that date from being appointed as a director in terms of Section 164(2) of the Act.

- g. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in annexure B. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- h. With respect to other matters to be included in the Auditors report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us,
 - i. The Company does not have any pending litigations which would impact its financial position; - Refer Note 37(a) to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses – Refer Note 37(b) to the financial statements.
 - iii. There were no amounts outstanding as on March 31, 2017 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

R. SATYANARAYANA MURTHI

Partner

Membership No. 024248

Bangalore
May 18, 2017

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

- i a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. The management during the year has physically verified all the fixed assets. We have been informed by the management that no material discrepancies were observed.
- c. According to the information and explanations given to us, the title deeds of immovable properties are held in the name of the Company.
- ii. Inventories have been physically verified during the year by the management. We have been informed by the management that no material discrepancies were observed.
- iii. According to the information and explanations given to us, the Company has granted unsecured loans to its foreign subsidiaries.
- a. According to the information and explanations given to us, the terms and conditions of the above loans are not prejudicial to the interests of the Company.
- b. We have been informed that the schedule of repayment of principal and payment of interest has been stipulated and the same are being followed regularly.
- c. According to the information and explanations given to us, no amount is overdue to be received from the subsidiary.
- iv. The Company has not given any loans, guarantees or securities to directors during the year and accordingly the provisions of sections 185 of the Act are not applicable. In respect of loans given to foreign subsidiary, the provisions of section 186 of the Act have been complied with.
- v. In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Accordingly, the provisions of paragraph 3(v) of the Order is not applicable.
- vi. To the best of our knowledge and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of Sub-Section (1) of Section 148 of the Act for the products of the company. Accordingly, the provisions of clause 3(vi) of the said Order are not applicable.
- vii. According to the information and explanations given to us and the records of the Company examined by us, the Company is generally regular in depositing undisputed statutory dues applicable to it with the appropriate authorities. In terms of its books of account, no undisputed statutory dues payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, customs duty, excise duty, value added tax, cess and any other statutory dues were outstanding, as at March 31, 2017 for a period of more than six months from the date they became payable.
- According to the records of the Company and according to the information and explanations given to us, there were no dues outstanding on account of income tax, service tax, sales tax, customs duty, excise duty on account of dispute.
- viii. According to the information and explanations given to us, the Company has not taken any term loans from financial institution, banks, Government or issued debentures, hence provisions of clause 3 (viii) of the Order is not applicable.
- ix. The Company has not raised any money during the year by way of initial public offer or further public offer or by way of term loans. Accordingly, the provisions of paragraph 3(ix) of the Order is not applicable.
- x. According to the information and explanations given to us, no fraud by/on the Company by its officers and employees has been noticed or reported during the year.
- xi. According to the information and explanations given to us, managerial remuneration has been provided in accordance with the approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. The Company is not a Nidhi company and accordingly, provisions of paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us, transactions during the year with related parties are in compliance with sections 188 of Act. Details of transactions with related parties have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of the paragraph 3(xiv) of the Order is not applicable.
- xv. According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him/her. Accordingly, the provisions of the paragraph 3(xiv) of the Order is not applicable.
- xvi. According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

R. SATYANARAYANA MURTHI
Partner
Membership No. 024248

Bangalore
May 18, 2017

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

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

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

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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

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

Chartered Accountants

Firm Registration No. 002878S/S200021

R. SATYANARAYANA MURTHI

Partner

Membership No. 024248

Bangalore
May 18, 2017

BALANCE SHEET AS AT MARCH 31, 2017

| | Note | As at 31.03.2017 | | As at 31.03.2016 | |
|--|------|------------------|----------------------|------------------|----------------------|
| | | Rs. | Rs. | Rs. | Rs. |
| EQUITY AND LIABILITIES | | | | | |
| Shareholders' Funds | | | | | |
| Share Capital | 2 | 332,375,880 | | 332,375,880 | |
| Reserves and Surplus | 3 | 4,609,103,219 | | 4,608,213,607 | |
| | | | 4,941,479,099 | | 4,940,589,487 |
| Non-current liabilities | | | | | |
| Deferred tax liabilities (Net) | 4 | 154,031,072 | | 154,413,036 | |
| Long term provisions | 5 | 37,909,182 | | 37,524,421 | |
| | | | 191,940,254 | | 191,937,457 |
| Current Liabilities | | | | | |
| Short term borrowings | 6 | 453,428,002 | | 276,415,453 | |
| Trade payables | | | | | |
| - Total outstanding due of MSME | 7 | 6,471,920 | | 7,367,652 | |
| - Total outstanding due of Creditors other than MSME | | 1,028,223,633 | | 1,095,736,044 | |
| Other current liabilities | 8 | 657,099,989 | | 896,502,619 | |
| Short term provisions | 9 | 26,857,719 | | 151,472,149 | |
| | | | 2,172,081,263 | | 2,427,493,917 |
| Total | | | 7,305,500,616 | | 7,560,020,861 |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Propety, plant and equipment | | | | | |
| Tangible assets | 10 | 2,304,823,427 | | 2,535,953,143 | |
| Intangible assets | 10 | 24,631,136 | | 36,946,713 | |
| Capital work in progress | 11 | 6,865,500 | | 6,625,500 | |
| | | 2,336,320,063 | | 2,579,525,356 | |
| Non-current investments | 12 | 290,611,820 | | 277,630,320 | |
| Long term loans and advances | 13 | 201,509,120 | | 238,753,353 | |
| | | | 2,828,441,003 | | 3,095,909,029 |
| Current Assets | | | | | |
| Inventories | 14 | 799,822,954 | | 803,304,237 | |
| Trade receivables | 15 | 1,402,788,948 | | 1,337,476,664 | |
| Cash and Bank Balance | 16 | 1,903,089,916 | | 1,921,932,833 | |
| Short term loans and advances | 17 | 371,357,795 | | 401,398,098 | |
| | | | 4,477,059,613 | | 4,464,111,832 |
| Total | | | 7,305,500,616 | | 7,560,020,861 |
| Summary of Accounting Policies, other explanatory information & Notes attached form an integral part of the Balance Sheet 1-39 | | | | | |

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 18, 2017

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, 2017

| | Note | Rs. | Year Ended 31.03.2017 Rs. | Rs. | Year Ended 31.03.2016 Rs. |
|--|------|---------------|---------------------------------|---------------|---------------------------------|
| INCOME | | | | | |
| Revenue from Operations | 19 | | 3,694,402,616 | | 4,553,501,729 |
| Other Income | 20 | | 179,404,036 | | 190,113,403 |
| Total Revenue | | | 3,873,806,652 | | 4,743,615,132 |
| EXPENSES | | | | | |
| Cost of materials consumed | 21 | 2,187,038,376 | | 2,485,097,267 | |
| Purchases for Project Business | | 269,996,445 | | 549,328,726 | |
| Changes in inventories of finished goods, work in progress and stock in trade | 22 | 22,809,370 | | 91,008,926 | |
| | | | 2,479,844,191 | | 3,125,434,919 |
| Employee benefits expense | 23 | | 593,639,162 | | 592,880,425 |
| Finance costs | 24 | | 40,617,373 | | 48,145,022 |
| Depreciation and amortization expense | 25 | | 277,220,609 | | 283,761,878 |
| Other expenses | 26 | | 475,577,669 | | 524,126,758 |
| Total Expenses | | | 3,866,899,004 | | 4,574,349,002 |
| Profit before tax | | | 6,907,648 | | 169,266,130 |
| Tax expense | | | | | |
| Current tax (MAT) | | 6,400,000 | | 66,500,000 | |
| Less: MAT Credit Entitlement | | - | | 20,000,000 | |
| Net Current Tax | | 6,400,000 | | 46,500,000 | |
| Deferred tax | | (381,964) | | (27,022,089) | |
| | | | 6,018,036 | | 19,477,911 |
| Profit/(Loss) for the Year | | | 889,612 | | 149,788,219 |
| Earning per equity share | 28 | | | | |
| Basic & Diluted | | | 0.03 | | 4.51 |
| Summary of Accounting Policies, other explanatory information & Notes attached form an integral part of the Statement of Profit & Loss | 1-39 | | | | |

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 18, 2017

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 2017

| | Rs. | Current Year Rs. | Rs. | Previous Year Rs. |
|---|---------------|----------------------|---------------|----------------------|
| A Cash flow from operating activities | | | | |
| Net Profit before tax and extraordinary items | | 6,907,648 | | 169,266,130 |
| Adjustments for | | | | |
| Depreciation | 264,905,032 | | 271,446,302 | |
| Amortisation | 12,315,577 | | 12,315,576 | |
| (Profit) / Loss on sale of Property, plant & equipment | 7,759 | | (1,416,635) | |
| Dividend Income | (6,000) | | (6,000) | |
| Interest Income | (120,347,335) | | (105,926,005) | |
| Interest Payments | 40,617,373 | | 48,145,022 | |
| Provision for Warranty Claims | 22,615,498 | | 3,094,316 | |
| Provision for Doubtful Debts | - | | 51,121,835 | |
| Provision for Gratuity & Leave Encashment | 10,117,642 | 230,225,546 | 32,758,139 | 311,532,550 |
| Operating profit before Working Capital Changes | | 237,133,194 | | 480,798,680 |
| Adjustments for | | | | |
| Trade Receivables | (65,312,283) | | (247,678,355) | |
| Other Receivables | (23,898,190) | | 145,997,308 | |
| Inventories | 3,481,283 | | (43,095,493) | |
| Trade Payables | (271,891,808) | (357,620,998) | 91,559,165 | (53,217,375) |
| Cash generated from Operations | | (120,487,804) | | 427,581,305 |
| Refund of Income Tax | - | | (100,359,854) | |
| Direct Taxes Paid | 3,130,136 | 3,130,136 | 26,011,414 | (74,348,440) |
| Net Cash Flow from Operating Activities | | (123,617,940) | | 501,929,745 |
| B Cash flow from Investing Activities | | | | |
| Purchase of Property, plant and equipment | (34,998,605) | | (171,160,280) | |
| Purchase of Investments | (12,981,500) | | (13,082,825) | |
| Sale of property, plant and equipment | 9,915,919 | | 10,836,033 | |
| Dividend Received | 6,000 | | 6,000 | |
| Interest Received | 128,450,168 | | 123,751,708 | |
| Net Cash used in investing activities | | 90,391,982 | | (49,649,364) |
| C Cash flow from financing activities | | | | |
| Working Capital borrowings | 177,012,549 | | (297,098,430) | |
| Interest Paid | (40,617,373) | | (48,145,022) | |
| Dividend and Tax on Dividend paid | (122,012,135) | | (105,913,403) | |
| Net Cash flow from financing activities | | 14,383,041 | | (451,156,855) |
| | | (18,842,917) | | 1,123,526 |
| Net increase/decrease in cash & cash equivalents | | 1,921,932,832 | | 1,920,809,307 |
| Cash and cash equivalents at the beginning | | 1,903,089,916 | | 1,921,932,833 |
| Cash and cash equivalents at close | | | | |

Note

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

As per our report of even date

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

R. Satyanarayana Murthi
Partner - M. No. 024248

Bangalore
May 18, 2017

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, 2017

1 Significant Accounting Policies

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

The company's subscription to the Share Capital of its Wholly Owned Subsidiaries reflected as trade investments as on 31st March 2017 are as follows:

- a. 80,100 Equity Shares of USD 10- each - TD Power Systems (USA) Inc.
- b. 2000 Equity Share of JPY 10,000 each - TD Power Systems Japan Limited
- c. 350,000 * Equity Share of Euro 1 each - TD Power Systems Europe GmbH (* erstwhile Platin 1255 GmbH acquired by the company in January 2016)

1.1 Basis of Preparation of Financial Statements

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

1.2 A. Property, plant and equipment

All items of Property, Plant and Equipment's are carried at cost less accumulated depreciation / amortization and impairment losses, if any. The cost of Property, Plant and Equipment's are stated at cost of acquisition excluding vat/duties, inclusive of freight, taxes and incidental expenses relating to the acquisition and finance cost on borrowings utilized for acquisition of qualifying Property, Plant and Equipment's.

Property, Plant and Equipment's manufactured internally are capitalized at Factory Cost.

Capital work in progress:

Property, Plant and Equipment's which are not yet ready for their intended use are carried at cost, comprising direct cost and related incidental expenses

B. Depreciation

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

C. Amortisation of Technical Know-how Fee /Licence Fee.

Technical Know-how Fees is amortised over a period of 60 months

1.3 Inventories

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

1.4 Revenue Recognition

- 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.

1.5 Foreign currency transactions

- a). Foreign currency transactions are translated into Indian rupees at the exchange rate prevailing on the date of the transaction.
- b). Monetary foreign currency assets and liabilities outstanding at the end of the year are restated at the exchange rates prevailing on the reporting date. All exchange differences are accounted for in the 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.

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

1.6 Taxes on Income

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

1.7 Borrowing Cost

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

1.8 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.

1.9 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.

1.10 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.

1.11 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.

1.12 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.

1.13 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, Property, Plant and Equipment and depreciation is charged as prescribed under Companies Act, 2013 discussed in para 1.2 above.

Notes on Financial Statement for the year ended March 31, 2017

| | As at 31.03.2017 | | As at 31.03.2016 | |
|---|------------------|--------------------|------------------|--------------------|
| | Number | Rs. | Number | Rs. |
| 2. SHARE CAPITAL | | | | |
| Authorized | | | | |
| Equity shares of Rs. 10/- each | 35,000,000 | 350,000,000 | 35,000,000 | 350,000,000 |
| | | 350,000,000 | | 350,000,000 |
| Issued, subscribed and fully paid up | | | | |
| Equity shares of Rs. 10/- each | | | | |
| At the beginning of the year | 33,237,588 | 332,375,880 | 33,237,588 | 332,375,880 |
| Issued during the year | - | - | - | - |
| At the close of the year | 33,237,588 | 332,375,880 | 33,237,588 | 332,375,880 |
| Total | | 332,375,880 | | 332,375,880 |

Other Information

I The Company has only one class of equity shares having par value of Rs. 10/- each. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

II Equity shares include

a Shares allotted pursuant to a contract without consideration being received in cash.

Issued to the shareholder of subsidiary company, DF Power Systems Private Limited, in exchange of 1,700,000 fully paid up equity shares of Rs. 10/- each on 19th October 2010

b Shares allotted by way of bonus shares.

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

| III Particulars of equity share holders holding more than 5% of the total paid-up equity share capital | As at 31.03.2017 | | As at 31.03.2016 | |
|--|------------------|---------------|------------------|---------------|
| | Percentage | No. of shares | Percentage | No. of shares |
| Saphire Finman Services LLP (Saphire Finman Services Private Limited) | 15.12% | 5,026,433 | 15.12% | 5,026,433 |
| Nikhil Kumar | 13.96% | 4,638,664 | 13.96% | 4,638,664 |
| Hitoshi Matsuo | 9.73% | 3,235,254 | 9. | 3,235,254 |
| Mohib N Khericha | 11.23% | 3,730,960 | 5.56% | 1,846,860 |

INTENTIONALLY LEFT BLANK

Notes on Financial Statement for the year ended March 31, 2017 (contd.)

3. RESERVES AND SURPLUS

Securities Premium

As at the beginning of the year

As at the end of the year

General Reserve

As at the beginning of the year

Add:

Transferred from Statement of Profit and Loss

As at the end of the year

Surplus i.e. balance in Statement of Profit & Loss

As at the beginning of the year

Add:

Transferred from Statement of Profit and Loss

Less:

Transferred to General Reserve

Proposed dividend

Provision towards dividend distribution tax

As at the end of the year

Total

| | As at 31.03.2017 Rs. | As at 31.03.2016 Rs. |
|---|-------------------------|-------------------------|
| | | |
| As at the beginning of the year | 2,207,588,239 | 2,207,588,239 |
| As at the end of the year | 2,207,588,239 | 2,207,588,239 |
| As at the beginning of the year | 293,963,171 | 281,686,558 |
| Add: | | |
| Transferred from Statement of Profit and Loss | - | 12,276,613 |
| As at the end of the year | 293,963,171 | 293,963,171 |
| As at the beginning of the year | 2,106,662,197 | 2,091,162,729 |
| Add: | | |
| Transferred from Statement of Profit and Loss | 889,612 | 149,788,216 |
| Less: | | |
| Transferred to General Reserve | - | 12,276,613 |
| Proposed dividend | - | 101,374,643 |
| Provision towards dividend distribution tax | - | 20,637,492 |
| As at the end of the year | 2,107,551,809 | 2,106,662,197 |
| Total | 4,609,103,219 | 4,608,213,607 |

4. DEFERRED TAX LIABILITY

Deferred tax liability

On account of depreciation on property, plant & equipment

Total

Deferred tax asset

On account of timing differences in recognition of expenditure

Total

Net Deferred tax liability/(asset)

| | | |
|--|--------------------|--------------------|
| On account of depreciation on property, plant & equipment | 188,598,378 | 187,262,069 |
| Total | 188,598,378 | 187,262,069 |
| On account of timing differences in recognition of expenditure | 34,567,306 | 32,849,033 |
| Total | 34,567,306 | 32,849,033 |
| Net Deferred tax liability/(asset) | 154,031,072 | 154,413,036 |

5. LONG TERM PROVISIONS

Provisions for employee benefits - Leave Encashment

Total

| | | |
|---|-------------------|-------------------|
| Provisions for employee benefits - Leave Encashment | 37,909,182 | 37,524,421 |
| Total | 37,909,182 | 37,524,421 |

6. SHORT TERM BORROWINGS

Secured Loans

Loans repayable on demand - from banks

Total

| | | |
|--|--------------------|--------------------|
| Loans repayable on demand - from banks | 453,428,002 | 276,415,453 |
| Total | 453,428,002 | 276,415,453 |

Notes on Financial Statement for the year ended March 31, 2017 (contd.)

| | As at 31.03.2017 | As at 31.03.2016 |
|--|----------------------|----------------------|
| | Rs. | Rs. |
| Short Term Borrowings (contd.) | | |
| Additional Information | | |
| Details of security for secured loans | | |
| - Balance of Working Capital Loan from M/s Bank of Baroda as on reporting date - Secured by Hypothecation of Raw Materials, Goods-in-process, Finished Goods and Book Debts and a charge on property, plant and equipments of the company located at Unit I and Select Assets located on 4.33 acres of land on survey no. 59/2 at Unit II. | 453,428,002 | 276,415,453 |
| Loans repayable on demand | | |
| Terms of repayment of secured loans - from banks | 453,428,002 | 276,415,453 |
| Interest at 2% over base rate (floating) | | |
| 7. TRADE PAYABLES | | |
| To Micro, Small and Medium Enterprises | 6,471,920 | 7,367,652 |
| Others | 1,028,223,633 | 1,095,736,044 |
| Total | 1,034,695,553 | 1,103,103,696 |
| Additional Information | | |
| The details of amounts outstanding to Micro, Small and Medium Enterprises under Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act), based on the available information with the Company are as under: | | |
| 1. Principal amount due and remaining unpaid | 6,471,920 | 7,367,652 |
| 2. Interest due on (1) above and the unpaid interest | - | - |
| 3. Interest paid on all delayed payments under the MSMED Act | - | - |
| 4. Payment made beyond the appointed day during during the period/year | 198,071 | 312,300 |
| 5. Interest due and payable for the period of delay other than (3) above | 1,241 | 3,105 |
| 6. Interest accrued and remaining unpaid | 1,241 | 3,105 |
| 7. Amount of further interest remaining due and payable in succeeding years | 22,197,772 | 22,196,531 |
| 8. OTHER CURRENT LIABILITIES | | |
| Provision for taxation | 1,985,742 | 37,904,705 |
| Unclaimed Dividends | 129,025 | 86,004 |
| Outstanding Liabilities | 211,691,953 | 362,435,781 |
| Duties and taxes payable | 17,708,019 | 13,092,460 |
| Trade advance received from customers | 242,929,545 | 292,762,911 |
| Earnest Money Deposit | 215,000 | 215,000 |
| Other liabilities | 182,440,705 | 190,005,758 |
| Total | 657,099,989 | 896,502,619 |

Notes on Financial Statement for the year ended March 31, 2017 (contd.)

9. SHORT TERM PROVISIONS

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

Total

| As at 31.03.2017 Rs. | As at 31.03.2016 Rs. |
|-------------------------|-------------------------|
| 18,611,949 | 23,188,814 |
| 8,245,770 | 6,271,200 |
| - | 122,012,135 |
| 26,857,719 | 151,472,149 |

10. PROPERTY, PLANT AND EQUIPMENTS

(In Rs.)

| Particulars | Gross Block (At Cost) | | | | DEPRECIATION | | | | Net Block | |
|---|-----------------------|--------------------|------------------|----------------------|----------------------|--------------------|------------------|----------------------|----------------------|----------------------|
| | As at 01.04.2016 | Additions | Deletions | As at 31.03.2017 | As at 01.04.2016 | Additions | With-drawals | As at 31.03.2017 | As at 31.03.2017 | As at 31.03.2016 |
| Tangible Assets | | | | | | | | | | |
| Free Hold Land | 264,449,392 | 10,858,052 | - | 275,307,444 | - | - | - | - | 275,307,444 | 264,449,392 |
| Lease Hold Land | - | - | - | - | - | - | - | - | - | - |
| Buildings | 1,112,933,765 | - | - | 1,112,933,765 | 162,478,099 | 37,250,460 | - | 199,728,559 | 913,205,206 | 950,455,666 |
| Plant & Machinery (*) | 1,968,069,925 | 16,880,639 | - | 1,984,950,564 | 807,709,195 | 200,371,023 | - | 1,008,080,218 | 976,870,346 | 1,160,360,730 |
| Office Equipments | 29,602,817 | 1,014,476 | 1,103,440 | 29,513,853 | 17,585,280 | 3,321,329 | 1,048,268 | 19,858,341 | 9,655,512 | 12,017,537 |
| Furniture & Fixtures | 35,132,383 | - | - | 35,132,383 | 16,794,979 | 3,076,053 | (0) | 19,871,032 | 15,261,351 | 18,337,404 |
| Computers | 49,447,332 | 3,581,338 | 3,132,907 | 49,895,764 | 40,999,905 | 4,110,208 | 3,067,330 | 42,042,783 | 7,852,980 | 8,447,427 |
| Communication Equipments | 1,691,409 | 5,000 | - | 1,696,409 | 1,501,637 | 51,053 | - | 1,552,690 | 143,719 | 189,772 |
| Motor Vehicles | 37,650,876 | 2,419,100 | 5,687,332 | 34,382,644 | 23,227,493 | 4,780,842 | 4,824,791 | 23,183,544 | 11,199,100 | 14,423,383 |
| Total | 3,498,977,900 | 34,758,605 | 9,923,679 | 3,523,812,827 | 1,070,296,588 | 252,960,969 | 8,940,388 | 1,314,317,169 | 2,209,495,658 | 2,428,681,312 |
| Previous Year | 3,343,766,765 | 164,630,534 | 9,419,398 | 3,498,977,900 | 822,074,106 | 255,520,920 | 7,298,437 | 1,070,296,589 | 2,428,681,312 | |
| Addition information: | | | | | | | | | | |
| (*) Accumulated depreciation as on 01st April 2004 under Owned Assets includes accumulated depreciation of leased asset also. | | | | | | | | | | |

PROPERTY, PLANT AND EQUIPMENTS - RESEARCH & DEVELOPMENT

(Amt in Rs.)

| Particulars | Gross Block (At Cost) | | | | Depreciation | | | | Net Block | |
|------------------------|-----------------------|---------------------------|----------------------------|--------------------|-------------------|-------------------|-------------|-------------------|--------------------|--------------------|
| | As at 01.04.2016 | Additions during the year | Deductions during the year | As at 31.03.2017 | As at 01.04.2016 | Additions | Withdrawals | As at 31.03.2017 | As at 31.03.2017 | As at 31.03.2016 |
| Tangible Assets | | | | | | | | | | |
| Plant & Machinery | 160,091,717 | - | - | 160,091,717 | 52,819,886 | 11,944,062 | - | 64,763,948 | 95,327,769 | 107,271,831 |
| Total | 160,091,717 | - | - | 160,091,717 | 52,819,886 | 11,944,062 | - | 64,763,948 | 95,327,769 | 107,271,831 |
| Previous Year | 160,091,717 | - | - | 160,091,717 | 36,894,502 | 15,925,384 | - | 52,819,886 | 107,271,831 | |

PROPERTY, PLANT AND EQUIPMENTS - TECHNICAL KNOW HOW

(Amt in Rs.)

| Particulars | Gross Block (At Cost) | | | | Amortisation | | | | Net Block | |
|--------------------------|-----------------------|---------------------------|----------------------------|-------------------|-------------------|-------------------|-------------|-------------------|-------------------|-------------------|
| | As at 01.04.2016 | Additions during the year | Deductions during the year | As at 31.03.2017 | As at 01.04.2016 | Additions | Withdrawals | As at 31.03.2017 | As at 31.03.2017 | As at 31.03.2016 |
| Intangible Assets | | | | | | | | | | |
| Technical Know-how | 61,577,865 | - | - | 61,577,865 | 24,631,152 | 12,315,577 | - | 36,946,729 | 24,631,136 | 36,946,713 |
| Total | 61,577,865 | - | - | 61,577,865 | 24,631,152 | 12,315,577 | - | 36,946,729 | 24,631,136 | 36,946,713 |
| Previous Year | - | 61,577,865 | - | 61,577,865 | 12,315,576 | 12,315,576 | - | 24,631,152 | 36,946,713 | |

Notes on Financial Statement for the year ended March 31, 2017 (contd.)

Note:

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

| Asset | Useful life (in Years) |
|--|------------------------|
| Factory building | 30 and 5 |
| Non factory building | 60 and 5 |
| Plant and Machinery - (Double shift basis) | 10 |
| Office equipment | 5 |
| Furniture and fittings | 10 |
| Computers | 3 and 6 |
| Communication equipments | 5 |

| | As at 31.03.2017 Rs. | As at 31.03.2016 Rs. |
|-------------------------------------|-------------------------|-------------------------|
| 11. CAPITAL WORK-IN-PROGRESS | | |
| Building under Construction | - | - |
| Land | 303,000 | 63,000 |
| Total | 303,000 | 63,000 |
| Intangible assets under development | | |
| Technical Know-how | 6,562,500 | 6,562,500 |
| Total | 6,865,500 | 6,625,500 |

12. NON CURRENT INVESTMENTS

| Details of Investments | Name of the Company | No. of Shares | Face Value | Currency | As at 31.03.2017 Rs. | As at 31.03.2016 Rs. |
|---|---|---------------|------------|----------|-------------------------|-------------------------|
| Trade Investments (Unquoted) | | | | | | |
| Investments in Equity Instruments | | | | | | |
| Subsidiaries | | | | | | |
| Fully paid up | DF Power Systems Private Limited | 5,999,998 | 10 | INR | 204,075,000 | 204,075,000 |
| Fully Paid up | TD Power Systems (USA) Inc. | 80,100 | 10 | USD | 48,178,495 | 48,178,495 |
| Fully Paid up | TD Power Systems Japan Limited | 2,000 | 10,000 | JPY | 12,244,000 | 12,244,000 |
| Fully Paid up | TD Power Systems Europe GMBH | 350,000 | 1 | Euro | 26,064,325 | 13,082,825 |
| Non - Trade Investments (Unquoted) | | | | | | |
| 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 |
| Total | | | | | 290,611,820 | 277,630,320 |
| Additional Information | | | | | | |
| Aggregate value of unquoted investments: | | | | | | |
| Cost | | | | | 290,611,820 | 277,630,320 |

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

Notes on Financial Statement for the year ended March 31, 2017 (contd.)

| | As at 31.03.2017 Rs. | As at 31.03.2016 Rs. |
|---|-------------------------|-------------------------|
| 13. LONG TERM LOANS AND ADVANCES | | |
| Capital advances | 132,429,900 | 135,138,133 |
| Security Deposit | 17,527,220 | 17,527,220 |
| Loans and advances to related parties * | 51,552,000 | 46,088,000 |
| MAT Credit Entitlement | | 40,000,000 |
| Advance payment of Tax (net of Provisions) | - | - |
| Total | 201,509,120 | 238,753,353 |
| Additional information | | |
| Breakup of above | | |
| Unsecured, considered good | 201,509,120 | 238,753,353 |
| Total | 201,509,120 | 238,753,353 |
| Terms of Unsecured loan to related parties: | | |
| The holding company has lent funds to its wholly owned subsidiaries repayable in 24 months or such other period as mutually agreed upon. Interest at labor + 3% is charged on outstanding amounts annually. | | |
| 14. INVENTORIES | | |
| Raw materials | 356,201,546 | 320,532,696 |
| Work in progress | 260,640,983 | 312,996,102 |
| Finished goods | 29,545,749 | - |
| Stock in trade | 146,319,393 | 139,785,432 |
| Goods in transit: | | |
| Raw materials pending at port | 7,115,283 | 29,990,007 |
| Total | 799,822,954 | 803,304,237 |
| 15. TRADE RECEIVABLES | | |
| Trade receivables exceeding six months | 212,702,763 | 147,377,534 |
| Others | 1,241,208,020 | 1,241,220,965 |
| | 1,453,910,783 | 1,388,598,499 |
| Less: Allowance for bad and doubtful debts | 51,121,835 | 51,121,835 |
| Total | 1,402,788,948 | 1,337,476,664 |
| Additional information | | |
| Breakup of above | | |
| Secured, considered good | 52,472,744 | 63,081,449 |
| Unsecured, considered good | 1,350,316,204 | 1,274,395,215 |
| Total | 1,402,788,948 | 1,337,476,664 |
| 16. CASH AND BANK BALANCES | | |
| Cash and cash equivalents | | |
| Balances with banks | | |
| on current accounts | 279,724,870 | 461,393,661 |

Notes on Financial Statement for the year ended March 31, 2017 (contd.)

| | As at 31.03.2017 Rs. | As at 31.03.2016 Rs. |
|--|-------------------------|-------------------------|
| CASH AND BANK BALANCES (Contd.) | | |
| in deposit accounts less than 3 months maturity | - | - |
| Cash on hand | 365,046 | 164,672 |
| Other bank balances | | |
| Balances with banks | | |
| in margin money | 71,500,000 | 71,500,000 |
| in deposit accounts exceeding 12 months maturity | 993,000,000 | 801,500,000 |
| in deposit accounts exceeding 3 months but not exceeding 12 months | 558,500,000 | 587,374,500 |
| Total | 1,903,089,916 | 1,921,932,833 |
| 17. SHORT TERM LOANS AND ADVANCES | | |
| Rent Deposit | 1,918,441 | 3,678,614 |
| Balance with Statutory/ Govt authorities | 242,590,072 | 202,364,756 |
| Prepaid Expenses | 9,407,640 | 9,069,362 |
| Trade Advance | 82,858,503 | 166,339,729 |
| Interest accrued on term deposits | 21,287,182 | 15,889,097 |
| Others | 13,295,957 | 4,056,540 |
| Total | 371,357,795 | 401,398,098 |
| Additional information | | |
| Breakup of above | | |
| -Unsecured, considered good | 371,357,795 | 401,398,098 |
| 18. CONTINGENT LIABILITIES AND COMMITMENTS | | |
| (to the extent not provided for) | | |
| Contingent Liabilities | | |
| Claims against the Company not acknowledged as debts | - | - |
| Guarantees | 536,709,548 | 557,806,461 |
| Letters of credit | 382,216,114 | 353,772,096 |
| 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) | 14,792,344 | 9,639,203 |
| Corporate Guarantee issued to the bankers of the subsidiary company (DFPS) | 430,000,000 | 430,000,000 |
| Corporate Guarantee issued on behalf of subsidiary company. (Japan WOS) | - | - |
| Outstanding Bills discounted under Letter of Credit | - | - |
| 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 previous financial years amounting to Rs. 7,20,817/- including Rs. 2,20,930/- towards interest on such short deduction/payment under Forms 27EQ, 26Q & 24Q. The company has pursued the matter with the department and the same is under appeal for such short deduction/late payment. | | |
| The company has submitted necessary documents for the EPCG licence No. 073001256 dt.10.07.2013 to the extent of Rs. 6.95 crores and has completed the export obligation of Rs. 41.71 crores along with annual average of Rs. 71.84 crores against the licence, awaiting discharge certificate from JGDFT. | | |

Notes on Financial Statement for the year ended March 31, 2017 (contd.)

CONTINGENT LIABILITIES AND COMMITMENTS (contd.)

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

| | Current Year | Previous Year |
|---|----------------------|----------------------|
| | Rs. | Rs. |
| 19. REVENUE FROM OPERATIONS | | |
| Sale of Goods | | |
| AC Generators | 3,092,151,170 | 3,713,909,467 |
| AC Generator Spares | 359,572,341 | 356,524,304 |
| Power Project Business Inland | 44,398,893 | 530,418,374 |
| Power Project Business Overseas Branch | 526,728,953 | 398,417,427 |
| Total | 4,022,851,357 | 4,999,269,572 |
| Sale of services | 103,615,662 | 63,782,915 |
| Other operating revenues | 39,812,278 | 43,267,624 |
| Total | 4,166,279,297 | 5,106,320,111 |
| Less | | |
| Intersegmental sales | 168,208,543 | 178,702,447 |
| Excise duty | 303,668,138 | 374,115,935 |
| Total | 3,694,402,616 | 4,553,501,729 |
| 20. OTHER INCOME | | |
| Interest income on Bank Deposits | 120,347,335 | 105,926,005 |
| Dividend Income | | |
| long term investments | 6,000 | 6,000 |
| Profit on sale of property, plant and equipments (Net) | - | 1,416,635 |
| Rental Income | - | 4,994,655 |
| Other non operating income (net of expenses directly attributable to such income) | 59,050,701 | 77,770,108 |
| Total | 179,404,036 | 190,113,403 |
| 21. COST OF MATERIALS CONSUMED | | |
| Consumption of raw materials | 2,154,424,027 | 2,456,993,714 |
| Consumption of stores and spare parts | 32,614,349 | 28,103,553 |
| Total | 2,187,038,376 | 2,485,097,267 |
| Consumption of major raw materials | | |
| Copper (wires, strips, rods, sheet etc.) | 360,335,193 | 358,226,445 |
| Steel/ Laminations | 293,802,150 | 347,418,748 |
| Shaft Forgings | 114,711,808 | 141,575,885 |
| Others | 1,385,574,876 | 1,609,772,636 |
| Total | 2,154,424,027 | 2,456,993,714 |
| Purchases for Projects Business | 269,996,445 | 549,328,726 |

Notes on Financial Statement for the year ended March 31, 2017 (contd.)

| | Current Year | Previous Year |
|--|--------------------|--------------------|
| | Rs. | Rs. |
| 22. CHANGE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS | | |
| Stocks at the end of the year | | |
| Work in progress: -A C Generators | 260,640,983 | 312,996,102 |
| Finished goods: -A C Generators | 29,545,749 | - |
| | 290,186,732 | 312,996,102 |
| Less: Stocks at the beginning of the year | | |
| Work in progress: -A C Generators | 312,996,102 | 368,985,660 |
| Finished goods: -A C Generators | - | 35,019,368 |
| | 312,996,102 | 404,005,028 |
| Net (Increase) / Decrease in Stock | 22,809,370 | 91,008,926 |
| 23. EMPLOYEE BENEFIT EXPENSES | | |
| Salaries and wages | 437,757,863 | 407,968,985 |
| Contribution to provident and other funds | 30,266,310 | 51,212,735 |
| Remuneration to whole time directors including contribution | 8,105,103 | 23,870,864 |
| Staff welfare expenses | 117,509,886 | 109,827,841 |
| Total | 593,639,162 | 592,880,425 |
| 24. FINANCE COSTS | | |
| Interest expense | 40,617,373 | 48,145,022 |
| Total | 40,617,373 | 48,145,022 |
| 25. DEPRECIATION AND AMORTIZATION | | |
| Depreciation | 264,905,032 | 271,446,302 |
| Amortization of intangible assets | 12,315,577 | 12,315,576 |
| Total | 277,220,609 | 283,761,878 |
| 26. OTHER EXPENSES | | |
| Power and fuel | 49,624,071 | 55,525,419 |
| Rent | 4,835,821 | 10,878,320 |
| Repairs and maintenance | | |
| Buildings | 1,501,449 | 5,196,718 |
| Machinery | 15,426,348 | 26,597,972 |
| Others | 9,267,564 | 10,138,814 |
| Insurance | 7,663,619 | 6,926,954 |
| Rates and taxes | 5,828,880 | 2,569,098 |
| Payment to the auditors | | |
| as auditor | 1,627,935 | 1,651,000 |
| for taxation matters | 650,000 | 461,250 |

Notes on Financial Statement for the year ended March 31, 2017 (contd.)

| | Current Year | Previous Year |
|--|---------------------|----------------------|
| | Rs. | Rs. |
| OTHER EXPENSES (Contd.) | | |
| for other services | 565,979 | 952,961 |
| Selling expenses | 72,008,781 | 111,056,534 |
| Provision for doubtful trade receivables | - | 51,121,835 |
| Loss on sale of property, plant and equipments (net) | 7,759 | - |
| Donations | 1,191,875 | 1,590,458 |
| Legal and professional charges | 35,439,161 | 42,098,587 |
| Directors sitting fees | 817,024 | 1,101,700 |
| Travelling and Conveyance | 124,863,322 | 113,804,232 |
| Bank Charges | 21,026,299 | 15,933,782 |
| Foreign Exchange Fluctuation | 61,849,064 | - |
| Postage, Telegrams and Telephones | 8,957,751 | 9,426,319 |
| Royalty | 582,200 | 6,744,279 |
| Software Expenses on ERP | 22,170,473 | 13,960,170 |
| Manufacturing Expenses | 11,793,079 | 18,606,830 |
| Vehicle Maintenance | 5,624,580 | 4,755,302 |
| Advertisement | 4,928,776 | 4,220,835 |
| Printing & Stationary | 5,821,609 | 6,805,911 |
| Subscription to Technical Associations, Journals & Magazines | 1,504,250 | 2,001,479 |
| Total | 475,577,669 | 524,126,759 |

27. ADDITIONAL INFORMATION

| | | |
|--|-------------|-------------|
| Value of Imports calculated on CIF basis | | |
| Raw Materials | 391,928,004 | 580,542,320 |
| Capital goods | 1,644,062 | 67,285,616 |
| Expenditure in foreign currency excluding expenditure at branch office: (net of withholding tax) | | |
| Others | 55,887,472 | 84,621,596 |
| Capital Equipment Purchased | 1,382,985 | 41,622,232 |

| | Amount (Rs.) | % to total | Amount (Rs.) | % to total |
|--|----------------------|-------------------|----------------------|-------------------|
| Value of imported raw materials, spare parts and components consumed | 444,350,364 | 20.11 | 469,760,968 | 18.90 |
| Value of indigenous raw materials, spare parts and components consumed | 1,765,497,382 | 79.89 | 2,015,336,299 | 81.10 |
| Total | 2,209,847,746 | 100.00 | 2,485,097,267 | 100.00 |

| | | |
|---|---------------|---------------|
| Details of non-resident shareholdings | | |
| Number of non-resident shareholders | 153 | 109 |
| Number of shares held by non-resident shareholders | 6,128,355 | 7,922,746 |
| Earnings in foreign exchange | | |
| Export of goods calculated on FOB basis | 1,684,468,797 | 1,764,215,818 |
| Royalty, Knowhow, professional and consultancy fees | 42,984,013 | 11,607,061 |
| Other Income | 2,039,754 | 2,076,051 |

Notes on Financial Statement for the year ended March 31, 2017 (contd.)

| | Current Year Rs. | Previous Year Rs. | | |
|--|------------------------------|-----------------------------|------------------------------|-----------------------------|
| 28. EARNINGS PER SHARE | | | | |
| Profit for the year after tax expense | 889,612 | 149,788,219 | | |
| Weighted average number of equity shares | 33,237,588 | 33,237,588 | | |
| Earning per share | 0.03 | 4.51 | | |
| 29. DISCLOSURES AS PER ACCOUNTING STANDARD 15 "EMPLOYEE BENEFITS" | | | | |
| Defined Contribution Plan | | | | |
| Employer's Contribution to Provident Fund & Pension Scheme | 20,805,740 | 19,833,276 | | |
| Defined Benefit Plan | | | | |
| The employees' gratuity fund scheme managed by a trust is a defined benefit plan. The Present value of obligation is determined based on actuarial valuation using the projected unit credit method. | | | | |
| | Gratuity (Funded) | Leave (Unfunded) | Gratuity (Funded) | Leave (Unfunded) |
| Defined Benefit obligation at beginning of the reporting period | 49,686,221 | 40,370,110 | 40,369,832 | 33,302,500 |
| Current Service Cost | 5,170,435 | 4,482,700 | 4,576,396 | 8,810,710 |
| Interest Cost | 3,974,897 | 3,002,140 | 3,229,587 | 2,597,600 |
| Acquisition adjustment | - | - | - | - |
| Actuarial (gain)/ loss | 2,944,783 | (2,913,110) | 4,675,962 | (4,340,700) |
| Benefits Paid | (3,726,387) | - | (3,165,556) | - |
| Defined Benefit obligation at end of the reporting period | 58,049,949 | 44,941,840 | 49,686,221 | 40,370,110 |
| <i>Obligations at end of the period - Current</i> | <i>5,170,435</i> | <i>8,245,770</i> | <i>4,576,396</i> | <i>6,271,200</i> |
| <i>Obligations at end of the period - Non -Current</i> | <i>52,879,514</i> | <i>36,696,070</i> | <i>45,109,825</i> | <i>34,098,910</i> |
| Reconciliation of opening and closing balance of fair value of plan assets | | | | |
| Fair value of plan assets at beginning of the reporting period | 63,812,624 | - | 47,220,869 | - |
| Acquisition adjustment | - | - | - | - |
| Expected return on plan assets | 5,409,511 | - | 4,513,112 | - |
| Employer Contribution | 11,392,455 | - | 15,244,199 | - |
| Benefits paid | (3,726,387) | - | (3,165,556) | - |
| Actuarial gain/(loss) | - | - | - | - |
| Fair value of plan assets at reporting period | 76,888,203 | - | 63,812,624 | - |
| Reconciliation of fair value of assets and obligations | | | | |
| Fair value of plan assets | 76,888,203 | - | 63,812,624 | - |

Notes on Financial Statement for the year ended March 31, 2017 (contd.)

| | Current Year (Rs.) | | Previous Year (Rs.) | |
|---|---------------------------------|--|---------------------------------|--|
| | Gratuity (Funded) | Leave (Unfunded) | Gratuity (Funded) | Leave (Unfunded) |
| DISCLOSURES AS PER ACCOUNTING STANDARD 15 "EMPLOYEE BENEFITS" (contd.) | | | | |
| Present value of obligation | (58,049,949) | - | (49,686,221) | - |
| Funded assets in excess of obligation of prior years | (18,838,254) | - | (14,126,403) | - |
| Amount recognised in Balance Sheet under liabilities | - | - | - | - |
| Expense recognised during the year | | | | |
| Current Service Cost | 5,170,435 | 4,482,700 | 4,576,396 | 8,810,710 |
| Interest Cost | 3,974,897 | 3,002,140 | 2,597,600 | 2,597,600 |
| Expected return on plan assets | (5,409,511) | - | (4,513,112) | - |
| Actuarial (gain)/ loss | 2,944,783 | (2,913,110) | 4,675,962 | (4,340,700) |
| Net Cost | 6,680,604 | 4,571,730 | 7,336,846 | 7,067,610 |
| Actuarial assumptions | 1994 – 96 (Ultimate) | Indian Assured Lives Mortality (2006-08) (modified) ULT | 1994 – 96 (Ultimate) | Indian Assured Lives Mortality (2006-08) (modified) ULT |
| Mortality Table | | | | |
| Discount rate (per annum) | 8.00% | 7.30% | 8.00% | 7.90% |
| Expected rate of return on plan assets (per annum) | 8.00% | NA | 8.00% | NA |
| Rate of escalation in salary (per annum) | 7.00% | 7.00% | 7.00% | 7.00% |

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

30. SEGMENT REPORTING

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

Current assets and Current liabilities relating to specific business segments are identified and reported. Those that are not identifiable are reported as common items.

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

Notes on Financial Statement for the year ended March 31, 2017 (contd.)

Segment Reporting (contd.)

PRIMARY SEGMENT

Current Year (Amt in Rs.)

| Particulars | Manufacturing | Project Business | Common | Total |
|---|----------------------|---------------------|---------------------|----------------------|
| Segment Revenues | | | | |
| External Revenues | 3,259,465,188 | 603,145,971 | - | 3,862,611,159 |
| Intersegment Revenues | (168,208,543) | - | - | (168,208,543) |
| Total Revenues | 3,091,256,645 | 603,145,971 | - | 3,694,402,616 |
| Segment Results | | | | |
| Profit Before Taxation, Interest & Depreciation | 228,331,034 | (43,129,453) | (39,859,986) | 145,341,594 |
| Less: Interest | 40,617,373 | - | - | 40,617,373 |
| Less: Depreciation & Amortizations | 276,670,345 | 257,937 | 292,327 | 277,220,609 |
| Total | (88,956,685) | (43,387,391) | (40,152,313) | (172,496,388) |
| Unallocable & Other Income (including Extraordinary items) | | | | |
| | 51,930,284 | 69,009,518 | 58,464,234 | 179,404,036 |
| Less: Tax | 0 | 6,018,036 | - | 6,018,036 |
| Total Profit | (37,026,401) | 19,604,092 | 18,311,921 | 889,612 |

Previous Year (Amt in Rs.)

| | Manufacturing | Project Business | Common | Total |
|---|----------------------|--------------------|----------------------|----------------------|
| Segment Revenues | | | | |
| External Revenues | 3,771,293,773 | 960,910,403 | - | 4,732,204,176 |
| Intersegment Revenues | (178,702,447) | - | - | (178,702,447) |
| Total Revenues | 3,592,591,326 | 960,910,403 | - | 4,553,501,729 |
| Segment Results | | | | |
| Profit Before Taxation, Interest & Depreciation | 312,721,171 | 37,065,969 | (38,727,513) | 311,059,627 |
| Less: Interest | 48,144,944 | 78 | - | 48,145,022 |
| Less: Depreciation & Amortizations | 283,211,614 | 257,937 | 292,327 | 283,761,878 |
| Total | (18,635,387) | 36,807,955 | (39,019,840) | (20,847,272) |
| Unallocable & Other Income (including Extraordinary items) | | | | |
| | 75,649,069 | 62,972,289 | 51,492,045 | 190,113,403 |
| Less: Tax | 7,504,282 | 11,973,629 | - | 19,477,911 |
| Total Profit | 49,509,400 | 87,806,614 | 12,472,205 | 149,788,219 |
| Segment Assets - Current Year/Period | 4,770,407,876 | 583,493,430 | 1,951,599,310 | 7,305,500,616 |
| Previous Year (2015-2016) | 4,801,160,943 | 801,105,485 | 1,957,754,433 | 7,560,020,861 |
| Segment Liabilities - Current Year | 1,486,733,373 | 269,829,073 | - | 1,756,562,445 |
| Previous Year (2015-2016) | 1,588,201,113 | 600,401,772 | - | 2,188,602,887 |
| Capital Expenditure (Net of disposal) | | | | |
| - Current Year/Period | 22,415,826 | 2,419,100 | - | 24,834,926 |
| Previous Year (2015-2016) | 155,211,136 | - | - | 155,211,136 |

Notes on Financial Statement for the year ended March 31, 2017 (contd.)

Segment Reporting (contd.)

GEOGRAPHICAL SEGMENT

| | Segment revenue by Geographical Market | |
|-----------------------------|--|-----------------------------------|
| | Current Year 31.03.2017 (Rs.) | Previous Year 31.03.2016 (Rs.) |
| Sales of India | 3,335,882,206 | 4,333,786,748 |
| Sales of overseas | 526,728,953 | 398,417,427 |
| Less: Inter-segmental sales | (168,208,543) | (178,702,447) |
| Total | 3,694,402,616 | 4,553,501,729 |

Carrying amounts of geographical assets & additions to tangible & intangible property, plant & equipment

| | Carrying amounts of segment assets (Amt in Rupees) | | Additions to property, plant and equipments (Net) (Amt. in Rupees) | |
|-----------------------|--|----------------------|--|--------------------|
| | As at 31.03.2017 | As at 31.03.2016 | As at 31.03.2017 | As at 31.03.2016 |
| Located in India | 6,898,939,515 | 7,023,303,929 | 22,415,826 | 155,211,136 |
| Located outside India | 406,561,101 | 536,716,932 | 2,419,100 | - |
| Total | 7,305,500,616 | 7,560,020,861 | 24,834,926 | 155,211,136 |

31. RELATED PARTIES DISCLOSURE

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

(Amt in Rs.)

| Nature of transactions | Subsidiary | | Key management personnel and their Relatives | | Enterprises over which key Managerial Personnel and their relative are able to exercise significant influence |
|--|------------|------|--|------------|---|
| | 2017 | 2016 | 2017 | 2016 | |
| Directors Remuneration & Commission | | | | | |
| Nikhil Kumar | - | - | 2,520,000 | 19,528,828 | - |
| K. G. Prabhakar | - | - | 5,585,103 | 4,812,980 | - |
| Key Managerial Personnel | | | | | |
| N. Srivatsa | - | - | 4,679,561 | 4,030,193 | - |
| Directors Sitting Fees | | | | | |
| Mohib Khericha | - | - | 204,232 | 240,300 | - |
| Relative of Director | | | | | |
| Sagir M. Khericha | | | 525,000 | 809,066 | |

Notes on Financial Statement for the year ended March 31, 2017 (contd.)

RELATED PARTIES DISCLOSURE (contd.)

| Nature of transactions | Subsidiary | | Key management personnel and their Relatives | | Enterprises over which key Managerial Personnel and their relative are able to exercise significant influence |
|---|-------------|-------------|--|-----------|---|
| | 2017 | 2016 | 2017 | 2016 | |
| Lease Rent Paid | | | | | |
| Mohib N. Khericha | - | - | - | 1,350,000 | - |
| DF Power Systems Private Limited | | | | | |
| Rent received (including service tax) | - | 5,897,065 | - | - | - |
| Management Services from | - | 5,512,403 | - | - | - |
| Guarantee Margin from | - | 150,000,000 | - | - | - |
| Amount due from Company to | 6,818,288 | 6,966,056 | - | - | - |
| Purchases of Materials (including taxes & duties) | - | 10,053,638 | - | - | - |
| TD Power Systems (USA) Inc. | | | | | |
| Sale of Generators & Spares to (including taxes & duties) | 182,761,375 | 33,423,828 | - | - | - |
| Purchases from (including taxes & duties) | - | 19,319 | - | - | - |
| Amount due to Company from | 156,651,815 | 25,172,655 | - | - | - |
| Inter-Corporate Loan given to | 51,552,000 | 46,088,000 | - | - | - |
| Interest on Inter-Corporate Loan charged to | 2,039,754 | 1,515,150 | - | - | - |
| Amount due from Company to | 349,881 | 357,464 | - | - | - |
| TD Power Systems Japan Limited | | | | | |
| Sale of Generators & Services to (including taxes & duties) | - | 5,459,885 | - | - | - |
| Interest on Inter-Corporate Loan charged to | - | 560,899 | - | - | - |
| Amount due to Company from | - | 772,200 | - | - | - |
| TD Power Systems Europe GMBH | | | | | |
| Sale of Generators & Services to (including taxes & duties) | 13,661,830 | - | - | - | - |
| Purchases from (including taxes & duties) | 67,079 | - | - | - | - |
| Amount due to Company from | 654,740 | - | - | - | - |
| Amount due from Company to | 67,079 | - | - | - | - |

Notes on Financial Statement for the year ended March 31, 2017 (contd.)

32. OPERATING LEASE

The Company has various operating leases for office facilities, guesthouse and residential premises of employees that are renewable on a periodic basis, and cancelable at its option. Rental expenses for operating leases included in the financial statements for the year are Rs. 4,835,821/- (Previous year Rs. 10,878,320/-).

33. WARRANTY CLAIMS

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

| | (Rs.) |
|--|------------------------|
| | Warranty claims |
| Balance outstanding at the beginning of the reporting period | 23,188,814 |
| Provision for the reporting period | - |
| Utilized during the reporting period | 4,576,865 |
| Withdrawn and credited to Statement of Profit and Loss | - |
| Balance outstanding at the end of the reporting period | 18,611,949 |

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

| Unhedged | As at 31.03.2017 (Rs.) | As at 31.03.2016 (Rs.) |
|------------------------|------------------------|------------------------|
| Assets (Receivables) | 779,121,769 | 637,545,123 |
| Liabilities (payables) | 190,910,307 | 186,364,759 |

35. RESEARCH & DEVELOPMENT

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

| Nature | 2016 - 2017 (Rs.) | 2015-2016 (Rs.) |
|--|-------------------|-----------------|
| Capital Expenditure | - | - |
| Revenue Expenditure (excluding depreciation) | 62,484,336 | 66,665,929 |

36. CORPORATE SOCIAL RESPONSIBILITY

1. Gross amount required to be spent by the company during the year - Rs. 14,659,196/-

2. Amount spent including service tax during the year on

Amount in Rs.

| Sl. Towards No. | Spent | To be spent | Total |
|--|------------|-------------|------------|
| 1. Construction/acquisition of any asset | - | - | - |
| 2. On purposes other than (1) above | 11,727,260 | 2,931,936 | 14,659,196 |

37. DISCLOSURE OF SPECIFIED BANK NOTES HELD AND TRANSACTED DURING PERIOD FROM 8TH NOVEMBER 2016 TO 30TH DECEMBER 2016

Amount in Rs.

| Particulars | Specified Bank Notes | Other denomination notes | Total |
|---------------------------------------|----------------------|--------------------------|-----------|
| Closing cash in hand as on 08.11.2016 | 258,500 | 36,419 | 294,919 |
| ADD: Permitted receipts | - | 1,468,000 | 1,468,000 |
| LESS: Permitted payments | - | 1,140,154 | 1,140,154 |
| LESS: Amount deposited in Banks | 258,500 | - | 258,500 |
| Closing cash in hand as on 30.12.2016 | - | 364,265 | 364,265 |

Notes on Financial Statement for the year ended March 31, 2017 (contd.)

38. NOTE ON MANAGERIAL REMUNERATION:-

In view of inadequate profits for the current financial year, the remuneration paid to Managing Director (part of the year) & Whole Time Director (full year) of Rs. 2,520,000/- & Rs. 5,585,103/- respectively, is subject to approval of the shareholders.

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

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CONSOLIDATED FINANCIAL STATEMENTS

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

Report on the Consolidated Financial Statements:

We have audited the accompanying consolidated financial statements of TD Power Systems Limited (hereinafter referred to as “the Holding Company”) and its India subsidiary DF Power Systems Private Limited. We have reviewed the financial statements of TD Power Systems USA Inc, TD Power Systems Japan Ltd, TD Power Systems Europe GmbH (“foreign subsidiaries”) for the limited purpose of verifying the compliance with Schedule III required for consolidation (the Holding Company and its subsidiaries together referred to as “the Group”) comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as “the consolidated financial statements”).

Management’s Responsibility for the Consolidated Financial Statements

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

Auditor’s Responsibility

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

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

thereunder.

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

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

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

Opinion

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

Other Matters

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

| Entity | Total assets as on March 31, 2017 | Total operating revenues for the year 2016 – 17 |
|--|-----------------------------------|---|
| Japan Branch (part of Holding Company) | Rs. 20,92,21,734 | Rs. 52,73,67,661 |
| Hong Kong Branch (part of Indian Subsidiary) | Rs. 27,53,81,380 | NIL |
| TD Power Systems Japan Limited | Rs. 5,18,30,687 | Rs. 8,14,13,284 |
| TD Power Systems USA Inc | Rs. 19,33,02,570 | Rs. 18,62,48,302 |
| TD Power Systems Europe GmbH | Rs. 79,77,631 | Rs. 1,62,03,586 |

Independent Auditors' Report (contd.)

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

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements:

1. As required by the Section 143(3) of the Act, we report to the extent applicable that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the above said consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept in so far as it appears from our examination of those books and the reports of the other auditors and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
 - c) The reports on the accounts of the branch offices of the Group audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.
 - d) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - e) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on the record by the Board of Directors of the Holding Company, none of the directors of the Group companies incorporated in India is disqualified as on that date from being appointed as a director in terms of Section 164(2) of the Act.
 - g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in annexure A. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- h) With respect to other matters to be included in the Auditors report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us,
 - i. There were no pending litigations which would impact the consolidated financial position of the Group. - Refer Note 37(a) to the financial statements.
 - 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

Bangalore
May 18, 2017

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

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

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

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Independent Auditors' Report (contd.)

Opinion

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

Other Matters

Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of internal financial control over financial reporting in so far does not relates to 3 subsidiaries, which are companies incorporated outside India.

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

Bangalore
May 18, 2017

R. SATYANARAYANA MURTHI
Partner
Membership No. 024248

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CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2017

| | Note | Rs. | As at 31.03.2017 Rs. | As at 31.03.2016 Rs. |
|---|------|---------------|-------------------------|-------------------------|
| EQUITY AND LIABILITIES | | | | |
| Shareholders' Funds | | | | |
| Share Capital | 2 | 332,375,880 | | 332,375,880 |
| Reserves and Surplus | 3 | 4,355,593,876 | | 4,400,368,874 |
| | | | 4,687,969,756 | 4,732,744,754 |
| Non-current liabilities | | | | |
| Deferred tax liabilities (Net) | 4 | 152,352,706 | | 153,279,808 |
| Long term provisions | 5 | 37,909,182 | | 39,159,030 |
| | | | 190,261,888 | 192,438,838 |
| Current Liabilities | | | | |
| Short term borrowings | 6 | 453,428,002 | | 276,415,453 |
| Trade payables | 7 | | | |
| Total outstanding due of MSME | | 8,876,193 | | 9,572,649 |
| Total outstanding due of Creditors other than MSME | | 1,292,607,679 | | 1,436,678,910 |
| Other current liabilities | 8 | 661,328,829 | | 1,016,379,410 |
| Short term provisions | 9 | 129,982,956 | | 264,810,198 |
| | | | 2,546,223,659 | 3,003,856,620 |
| Total | | | 7,424,455,303 | 7,929,040,212 |
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, Plant and Equipment | | | | |
| Tangible assets | 10 | 2,308,856,079 | | 2,545,290,401 |
| Intangible assets | 10 | 24,631,136 | | 36,946,713 |
| Capital work in progress | 11 | 6,865,500 | | 6,625,500 |
| | | 2,340,352,715 | | 2,588,862,614 |
| Non-current investments | 12 | 50,000 | | 50,000 |
| Long term loans and advances | 13 | 154,025,246 | | 192,665,353 |
| | | | 2,494,427,961 | 2,781,577,967 |
| Current Assets | | | | |
| Inventories | 14 | 799,822,954 | | 881,265,213 |
| Trade receivables | 15 | 1,549,142,832 | | 1,552,442,274 |
| Cash and Bank Balance | 16 | 2,146,190,637 | | 2,258,144,277 |
| Short term loans and advances | 17 | 434,870,919 | | 455,610,481 |
| | | | 4,930,027,342 | 5,147,462,245 |
| Total | | | 7,424,455,303 | 7,929,040,212 |
| Summary of Accounting Policies, other explanatory information & Notes attached form an integral part of the Balance Sheet | 1-39 | | | |

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 18, 2017

For and on behalf of Board of Directors

Mohib N. Khericha
Chairman

Nikhil Kumar
Managing Director

K. G. Prabhakar
Director & Chief Financial Officer

N. Srivatsa
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2017

| | Note | Current Year | | Previous Year | |
|--|------|---------------|----------------------|---------------|----------------------|
| | | Rs. | Rs. | Rs. | Rs. |
| INCOME | | | | | |
| Revenue from Operations | 19 | | 3,799,090,132 | | 5,067,512,155 |
| Other Income | 20 | | 204,513,438 | | 201,884,046 |
| Total Revenue | | | 4,003,603,570 | | 5,269,396,201 |
| EXPENSES | | | | | |
| Cost of materials consumed | 21 | 2,200,807,437 | | 2,508,287,455 | |
| Purchases for Project Business | | 352,737,932 | | 1,079,574,976 | |
| Changes in inventories of finished goods, work in progress and stock in trade | 22 | 22,809,370 | | 91,008,926 | |
| | | | 2,576,354,739 | | 3,678,871,357 |
| Employee benefits expense | 23 | | 637,976,841 | | 660,517,130 |
| Finance costs | 24 | | 41,428,844 | | 49,815,031 |
| Depreciation and amortization expense | 25 | | 278,555,386 | | 288,070,699 |
| Other expenses | 26 | | 506,841,652 | | 661,276,889 |
| Total Expenses | | | 4,041,157,462 | | 5,338,551,106 |
| Profit before tax | | | (37,553,892) | | (69,154,905) |
| Tax expense | | | | | |
| Current tax (MAT) | | 8,216,464 | | 66,606,758 | |
| Less: MAT Credit Entitlement | | - | | 20,000,000 | |
| Net Current Tax | | 8,216,464 | | 46,606,758 | |
| Deferred Tax | | (927,103) | | (23,907,697) | |
| | | | 7,289,361 | | 22,699,061 |
| Profit/(Loss) for the Year | | | (44,843,253) | | (91,853,966) |
| Less : Prior Period Adjustment | | | - | | - |
| Profit/(Loss) for the Year | | | (44,843,253) | | (91,853,966) |
| Earning per equity share | 28 | | | | |
| Basic & Diluted | | | (1.35) | | (2.76) |
| Summary of Accounting Policies, other explanatory information & Notes attached form an integral part of the Statement of Profit & Loss | 1-39 | | | | |

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 18, 2017

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 2017

| | Rs. | Current Year Rs. | Rs. | Previous Year Rs. |
|---|---------------|----------------------|---------------|----------------------|
| A Cash flow from operating activities | | | | |
| Net Profit before tax and extraordinary items | | (37,553,892) | | (69,154,905) |
| Adjustments for | | | | |
| Depreciation | 266,239,809 | | 275,755,123 | |
| Amortisation | 12,315,577 | | 12,315,576 | |
| (Profit) / Loss on sale of property, plant and equipment | 2,514,082 | | 3,086,036 | |
| Dividend Income | (6,000) | | (6,000) | |
| Interest Income | (131,457,029) | | (129,789,051) | |
| Interest Payments | 41,428,844 | | 49,815,031 | |
| Provision for Warranty Claims | (4,576,865) | | 3,094,316 | |
| Provision for Gratuity & Leave Encashment | 10,430,597 | | 41,530,563 | |
| | | 196,889,015 | | 255,801,594 |
| Operating profit before Working Capital Changes | | 159,335,123 | | 186,646,689 |
| Adjustments for | | | | |
| Trade Receivables | 3,299,443 | | (951,392) | |
| Other Receivables | 8,162,352 | | 365,748,065 | |
| Inventories | 81,442,259 | | (121,056,469) | |
| Future Contracts | - | | (116,226,390) | |
| Trade Payables | (490,653,847) | (397,749,793) | (416,608,813) | (289,094,999) |
| Cash generated from Operations | | (238,414,670) | | (102,448,310) |
| Direct Taxes Paid | 3,130,136 | 3,130,136 | 26,011,414 | 26,011,414 |
| Net Cash Flow from Operating Activities | | (241,544,806) | | (128,459,724) |
| B Cash flow from Investing Activities | | | | |
| Purchase of Property, Plant and Equipment | (37,039,168) | | (171,160,281) | |
| Sale of Property, Plant and Equipment | 26,981,258 | | 25,973,561 | |
| Dividend Received | 6,000 | | 6,000 | |
| Interest Received | 126,071,506 | | 163,118,042 | |
| Net Cash used in investing activities | | 116,019,596 | | 17,937,322 |
| C Cash flow from financing activities | | | | |
| Refund on Income Tax | - | | 100,359,854 | |
| Working Capital borrowings | 177,012,549 | | (297,098,430) | |
| Interest Paid | (41,428,844) | | (49,815,031) | |
| Dividend and Tax on Dividend paid | (122,012,135) | | (105,913,403) | |
| Net Cash flow from financing activities | | 13,571,570 | | (352,467,010) |
| Net increase/decrease in cash and cash equivalents | | (111,953,640) | | (462,989,412) |
| Cash and cash equivalents at the beginning | | 2,258,144,277 | | 2,721,133,689 |
| Cash and cash equivalents at close | | 2,146,190,637 | | 2,258,144,277 |

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

As per our report of even date
For **B. K. RAMADHYANI & CO LLP.**
Chartered Accountants
Firm Registration No. 002878S/S200021
R. Satyanarayana Murthi
Partner - M.No. 024248

For and on behalf of Board of Directors

Mohib N. Khericha
Chairman

Nikhil Kumar
Managing Director

K. G. Prabhakar
Director & Chief Financial Officer

Bangalore
May 18, 2017

N. Srivatsa
Company Secretary

SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2017

1 Significant Accounting Policies

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

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

The company's subscription to the Share Capital of its Wholly Owned Subsidiaries reflected as trade investments as on 31st March 2017 are as follows:-

- a. 80,100 Equity Shares of USD 10- each - TD Power Systems (USA) Inc.
- b. 2000 Equity Share of JPY 10,000 each - TD Power Systems Japan Limited
- c. 350,000 * Equity Share of Euro 1 each - TD Power Systems Europe GmbH (* erstwhile Platin 1255 GmbH acquired by the company in January 2016)

1.1 Basis of Preparation of Financial Statements

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

1.2 Principles of Consolidation

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

- a) The financial statement of the Company and its subsidiary company has been combined on a line by line basis by adding together like items of assets, liabilities, income and expenses. Inter-company balances and transactions and unrealized profits or losses have been fully eliminated.
- b) The share of equity in the subsidiary company as on the date of investment is in excess of cost of

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

1.3 A) Property, plant and equipment:

All items of Property, Plant and Equipment's are carried at cost less accumulated depreciation / amortization and impairment losses, if any. The cost of Property, Plant and Equipment's are stated at cost of acquisition excluding vat/duties, inclusive of freight, taxes and incidental expenses relating to the acquisition and finance cost on borrowings utilized for acquisition of qualifying Property, Plant and Equipment's.

Property, Plant and Equipment's manufactured internally are capitalized at Factory Cost.

Capital work in progress:

Property, Plant and Equipment's which are not yet ready for their intended use are carried at cost, comprising direct cost and related incidental expenses.

B) Depreciation:

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

C) Amortization of Technical Know-how Fee / License Fee:

Technical Know-how Fees is amortized over a period of 60 months

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 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.

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

- c. Erection and commissioning income is recognised as and when the services are performed/completed.
- d. Interest income is recognised based on time proportion basis.
- e. Dividend income is recognised when the right to receive the dividend is established.

Subsidiaries

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

1.6 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.
- 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.

1.7 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 year for which MAT Credit can be carried forward for set-off against the normal tax liability. MAT Credit recognised as an asset is reviewed at each Balance Sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

1.8 Borrowing Cost

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

1.9 Contingent Liabilities

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

1.10 Employees Benefits

Long Term Employee Benefits

a. Defined Contribution Plans

The Company has contributed to provident 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.

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

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 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.

1.12 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 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.

1.14 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 categorized and disclosed separately as Research & Development Property, plant and equipment's and depreciation is charged as prescribed under Companies Act 2013 discussed in para 1.3 above.

2. SHARE CAPITAL

Authorized

Equity shares of Rs.10/- each

Issued, subscribed and fully paid up

Equity shares of Rs.10/- each

At the beginning of the year

Issued during the year

At the close of the year

Total

| As at 31.03.2017 | | As at 31.03.2016 | |
|------------------|--------------------|------------------|--------------------|
| Number | Rs. | Number | Rs. |
| 35,000,000 | 350,000,000 | 35,000,000 | 350,000,000 |
| | <u>350,000,000</u> | | <u>350,000,000</u> |
| 33,237,588 | 332,375,880 | 33,237,588 | 332,375,880 |
| - | - | - | - |
| 33,237,588 | 332,375,880 | 33,237,588 | 332,375,880 |
| | <u>332,375,880</u> | | <u>332,375,880</u> |

Notes on Consolidated Financial Statement for the year ended March 31, 2017

SHARE CAPITAL (contd.)

Other Information

I The Company has only one class of equity shares having par value of Rs.10/- each. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

Saphire Finman Services Private Limited
Nikhil Kumar
Hitoshi Matsuo
Mohib N Khericha

| As at 31.03.2017 | | As at 31.03.2016 | |
|------------------|---------------|------------------|---------------|
| Percentage | No. of shares | Percentage | No. of shares |
| 15.12% | 5,026,433 | 15.12% | 5,026,433 |
| 13.96% | 4,638,664 | 13.96% | 4,638,664 |
| 9.73% | 3,235,254 | 9.73% | 3,235,254 |
| 11.23% | 3,730,960 | 5.56% | 1,846,860 |

3. RESERVES AND SURPLUS

Capital Reserve

As at the beginning of the year
As at the end of the year

Securities Premium

As at the beginning of the year
As at the end of the year

General Reserve

As at the beginning of the year
Add:
Transferred from Statement of Profit and Loss
As at the end of the year

Foreign Currency Translation Reserves

As at the beginning of the year
Add:
During the period (Refer Note 1.7 f)
As at the end of the year

| As at 31.03.2017 Rs. | As at 31.03.2016 Rs. |
|-------------------------|-------------------------|
| 71,829,215 | 71,829,215 |
| 71,829,215 | 71,829,215 |
| 2,050,763,239 | 2,050,763,239 |
| 2,050,763,239 | 2,050,763,239 |
| 336,991,473 | 324,714,860 |
| - | 12,276,613 |
| 336,991,473 | 336,991,473 |
| 1,626,103 | (4,586,346) |
| 68,255 | 6,212,449 |
| 1,694,358 | 1,626,103 |

Notes on Consolidated Financial Statement for the year ended March 31, 2017 (contd.)

| | As at 31.03.2017 Rs. | As at 31.03.2016 Rs. |
|--|-------------------------|-------------------------|
| RESERVES AND SURPLUS (contd.) | | |
| Surplus i.e. balance in Statement of Profit & Loss | | |
| As at the beginning of the year | 1,939,158,844 | 2,165,301,562 |
| Add : | | |
| Transferred from Statement of Profit and Loss | (44,843,253) | (91,853,970) |
| Less: | | |
| Depreciation on OB | - | - |
| Transferred to General Reserve | - | 12,276,613 |
| Proposed Dividend | - | 101,374,643 |
| Provision towards dividend distribution tax | - | 20,637,492 |
| As at the end of the year | 1,894,315,591 | 1,939,158,844 |
| Total | 4,355,593,876 | 4,400,368,874 |
| 4. DEFERRED TAX LIABILITY | | |
| i. Deferred tax liability: | | |
| On account of depreciation on property, plant and equipment | 187,143,516 | 187,262,068 |
| Total | 187,143,516 | 187,262,068 |
| ii. Deferred tax asset: | | |
| On account of timing differences in recognition of expenditure | 34,790,810 | 33,354,128 |
| On account of depreciation on property, plant and equipment | - | 628,132 |
| Total | 34,790,810 | 33,982,260 |
| Net Deferred tax liability/(asset) | 152,352,706 | 153,279,808 |
| 5. LONG TERM PROVISIONS | | |
| Provisions for employee benefits - Leave Encashment | 37,909,182 | 39,159,030 |
| Total | 37,909,182 | 39,159,030 |
| 6. SHORT TERM BORROWINGS | | |
| Secured Loans | | |
| Loans repayable on demand- from banks | 453,428,002 | 276,415,453 |
| Total | 453,428,002 | 276,415,453 |
| Additional Information | | |
| Details of security for secured loans | | |
| - Balance of Working Capital Loan from M/s Bank of Baroda as on reporting date - Secured by Hypothecation of Raw Materials, Goods-in-process, Finished Goods and Book Debts and a charge on property, plant and equipments of the company located at Unit I and Select Assets located on 4.33 acres of land on survey no. 59/2 at Unit II. | 453,428,002 | 276,415,453 |
| Loans repayable on demand | | |
| Terms of repayment of secured loans - from banks | 453,428,002 | 276,415,453 |
| Interest at 2% over base rate (floating) | | |

Notes on Consolidated Financial Statement for the year ended March 31, 2017 (contd.)

7. TRADE PAYABLES

To Micro, Small and Medium Enterprises
Others

Total

Additional Information

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

1. Principal amount due and remaining unpaid
2. Interest due on (1) above and the unpaid interest
3. Interest paid on all delayed payments under the MSMED Act
4. Payment made beyond the appointed day during the year
5. Interest due and payable for the period of delay other than (3) above
6. Interest accrued and remaining unpaid
7. Amount of further interest remaining due and payable in succeeding years

8. OTHER CURRENT LIABILITIES

Provision for taxation
Unclaimed dividends
Outstanding Liabilities
Duties and taxes payable
Trade advance received from customers
Earnest Money Deposit
Other liabilities

Total

9. SHORT TERM PROVISIONS

Reserve for Future Contract
Provision for warranties
Provisions for employee benefits - Leave Encashment
Proposed dividend (including dividend distribution tax)

Total

| | As at 31.03.2017 | As at 31.03.2016 |
|--------------|----------------------|----------------------|
| | Rs. | Rs. |
| | 8,876,193 | 9,572,649 |
| | 1,292,607,679 | 1,436,678,910 |
| Total | 1,301,483,871 | 1,446,251,559 |
| | 8,876,193 | 9,572,649 |
| | 811,471 | 198,929 |
| | - | - |
| | 198,071 | 312,300 |
| | 1,241 | 2,528,449 |
| | 812,712 | 2,727,378 |
| | 26,441,652 | 26,683,204 |
| | - | 9,164,419 |
| | 129,025 | 86,004 |
| | 273,106,843 | 529,285,380 |
| | 17,974,000 | 13,505,279 |
| | 305,874,994 | 403,288,414 |
| | 215,000 | 215,000 |
| | 64,028,967 | 60,834,914 |
| Total | 661,328,829 | 1,016,379,410 |
| | 102,401,919 | 113,338,049 |
| | 18,611,949 | 23,188,814 |
| | 8,969,088 | 6,271,200 |
| | - | 122,012,135 |
| Total | 129,982,956 | 264,810,198 |

Notes on Consolidated Financial Statement for the year ended March 31, 2017 (contd.)

10. PROPERTY, PLANT AND EQUIPMENT

(Amount in Rs.)

| Particulars | Gross Block (At Cost) | | | Depreciation | | | | Net Block | | |
|--------------------------|-----------------------|---------------------------|----------------------------|----------------------|----------------------|--------------------|-------------------|----------------------|----------------------|----------------------|
| | As at 01.04.2016 | Additions during the year | Deductions during the year | As at 31.03.2017 | As at 01.04.2016 | For the year | Deductions | As at 31.03.2017 | As at 31.03.2017 | As at 31.03.2016 |
| Tangible Assets | | | | | | | | | | |
| Free Hold Land | 264,449,392 | 10,858,052 | - | 275,307,444 | - | - | - | - | 275,307,444 | 264,449,392 |
| Buildings | 1,112,933,765 | - | - | 1,112,933,765 | 162,478,099 | 37,250,460 | - | 199,728,559 | 913,205,206 | 950,455,666 |
| Plant & Machinery (*) | 1,977,895,677 | 16,880,643 | 6,616,948 | 1,988,159,372 | 826,016,722 | 196,803,265 | 1,694,024 | 1,021,125,963 | 967,033,410 | 1,151,878,956 |
| Office Equipments | 32,774,187 | 1,262,357 | 4,257,479 | 29,779,065 | 20,478,179 | 3,402,096 | 3,992,828 | 19,887,448 | 9,891,617 | 12,296,008 |
| Furniture & Fixtures | 36,192,336 | 883,801 | 682,876 | 36,393,261 | 17,479,778 | 3,157,129 | 378,071 | 20,258,836 | 16,134,425 | 18,712,558 |
| Computers | 55,274,234 | 3,965,493 | 8,650,833 | 50,588,894 | 46,406,928 | 4,544,309 | 8,322,877 | 42,628,360 | 7,960,534 | 8,867,305 |
| Communication Equipments | 1,691,409 | 529,724 | - | 2,221,133 | 1,501,637 | 75,434 | - | 1,577,071 | 644,063 | 189,772 |
| Motor Vehicles * | 39,819,522 | 2,419,100 | 6,773,122 | 35,465,500 | 24,575,993 | 5,081,732 | 5,599,774 | 24,057,951 | 11,407,549 | 15,243,529 |
| Total | 3,521,030,522 | 36,799,170 | 26,981,258 | 3,530,848,434 | 1,098,937,336 | 250,314,425 | 19,987,574 | 1,329,264,188 | 2,201,584,248 | 2,422,093,186 |
| Previous Year | 3,382,373,547 | 164,630,534 | 25,973,561 | 3,521,030,519 | 838,653,261 | 259,829,742 | 15,471,054 | 1,083,011,950 | 2,438,018,569 | |

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

PROPERTY, PLANT & EQUIPMENT - RESEARCH & DEVELOPMENT

(Amount in Rs.)

| Particulars | Gross Block (At Cost) | | | Depreciation | | | | Net Block | | |
|------------------------|-----------------------|---------------------------|----------------------------|--------------------|-------------------|-------------------|------------|-------------------|--------------------|--------------------|
| | As at 01.04.2016 | Additions during the year | Deductions during the year | As at 31.03.2017 | As at 01.04.2016 | For the year | Deductions | As at 31.03.2017 | As at 31.03.2017 | As at 31.03.2016 |
| Tangible Assets | | | | | | | | | | |
| Plant & Machinery | 160,091,717 | - | - | 160,091,717 | 36,894,502 | 15,925,384 | - | 52,819,886 | 107,271,831 | 123,197,215 |
| Total | 160,091,717 | - | - | 160,091,717 | 36,894,502 | 15,925,384 | - | 52,819,886 | 107,271,831 | 123,197,215 |
| Previous Year | 160,091,717 | - | - | 160,091,717 | 36,894,502 | 15,925,384 | - | 52,819,886 | 107,271,831 | |

PROPERTY, PLANT AND EQUIPMENT

(Amount in Rs.)

| Particulars | Gross Block (At Cost) | | | Amortisation | | | | Net Block | | |
|--------------------------|-----------------------|---------------------------|----------------------------|-------------------|-------------------|-------------------|------------|-------------------|-------------------|-------------------|
| | As at 01.04.2016 | Additions during the year | Deductions during the year | As at 31.03.2017 | As at 01.04.2016 | For the year | Deductions | As at 31.03.2017 | As at 31.03.2017 | As at 31.03.2016 |
| Intangible Assets | | | | | | | | | | |
| Technical Know-how | 61,577,865 | - | - | 61,577,865 | 24,631,152 | 12,315,577 | - | 36,946,729 | 24,631,136 | 36,946,713 |
| Total | 61,577,865 | - | - | 61,577,865 | 24,631,152 | 12,315,577 | - | 36,946,729 | 24,631,136 | 36,946,713 |
| Previous Year | 61,577,865 | - | - | 61,577,865 | 12,315,576 | 12,315,576 | - | 24,631,152 | 36,946,713 | - |

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

| Asset | Life (in Years) |
|--|-----------------|
| Factory building | 30 and 5 |
| Non factory building | 60 and 5 |
| Plant and Machinery - (Double shift basis) | 10 |
| Office equipment | 5 |
| Furniture and fittings | 10 |
| Computers | 3 and 6 |
| Communication equipments | 5 |

Notes on Consolidated Financial Statement for the year ended March 31, 2017 (contd.)

| | As at 31.03.2017 Rs. | As at 31.03.2016 Rs. |
|-------------------------------------|-------------------------|-------------------------|
| 11. CAPITAL WORK-IN-PROGRESS | | |
| Land | 303,000 | 63,000 |
| Total | 303,000 | 63,000 |
| Intangible assets under development | | |
| Technical Know-how | 6,562,500 | 6,562,500 |
| Total | 6,865,500 | 6,625,500 |

12. NON CURRENT INVESTMENTS

| Details of Investments | Name of the Company | No. of Shares | Face Value | As at 31.03.2017 Rs. | As at 31.03.2016 Rs. |
|---|--|---------------|------------|-------------------------|-------------------------|
| Non - Trade Investments (Unquoted) Investments in Equity Instruments | | | | | |
| Others | | | | | |
| Fully paid up | M/s. The Shamrao Vithal Co-operative Bank Ltd. | 2,000 | 25 | 50,000 | 50,000 |
| Total | | | | 50,000 | 50,000 |
| Additional Information | | | | | |
| Aggregate value of unquoted investments: | | | | | |
| Cost | | | | | |
| | | | | 50,000 | 50,000 |

13. LONG TERM LOANS AND ADVANCES

| | | |
|--|--------------------|--------------------|
| Capital advances | 132,429,900 | 135,138,133 |
| Security Deposit | 17,527,220 | 17,527,220 |
| MAT Credit Entitlement | - | 40,000,000 |
| Advance payment of Tax (net of Provisions) | 4,068,126 | - |
| Total | 154,025,246 | 192,665,353 |
| Additional Information | | |
| Breakup of above | | |
| Unsecured, considered good | 154,025,246 | 192,665,353 |

14. INVENTORIES

| | | |
|-------------------------|--------------------|--------------------|
| Raw materials | 356,201,546 | 320,532,696 |
| Work in progress | 260,640,983 | 312,996,102 |
| Finished goods | 29,545,749 | - |
| Stock in trade | 146,319,393 | 217,746,408 |
| Goods in transit: | | |
| Raw materials - At port | 7,115,283 | 29,990,007 |
| Total | 799,822,954 | 881,265,213 |

Notes on Consolidated Financial Statement for the year ended March 31, 2017 (contd.)

| | As at 31.03.2017 | As at 31.03.2016 |
|--|----------------------|----------------------|
| | Rs. | Rs. |
| 15. TRADE RECEIVABLES | | |
| Trade receivables exceeding six months | 601,200,720 | 590,024,860 |
| Others | 1,251,950,189 | 1,266,425,491 |
| Total | 1,853,150,909 | 1,856,450,351 |
| Less: Provision for bad and doubtful debts | 304,008,077 | 304,008,077 |
| Total | 1,549,142,832 | 1,552,442,274 |
| Additional information | | |
| Breakup of above | | |
| Secured, considered good | 52,472,744 | 63,081,449 |
| Unsecured, considered good | 1,496,670,088 | 1,489,360,825 |
| Total | 1,549,142,832 | 1,552,442,274 |
| 16. CASH AND BANK BALANCES | | |
| Cash and cash equivalents | | |
| Balances with banks | | |
| on current accounts | 453,396,182 | 548,087,805 |
| Cash on hand | 386,806 | 252,367 |
| Other bank balances | | |
| Balances with banks | | |
| in margin money | 71,500,000 | 71,600,000 |
| in deposit accounts exceeding 12 months maturity | 993,000,000 | 837,217,695 |
| in deposit accounts exceeding 3 months but not exceeding 12 months | 627,907,649 | 800,986,410 |
| Total | 2,146,190,637 | 2,258,144,277 |
| 17. SHORT TERM LOANS AND ADVANCES | | |
| Rent Deposit | 20,164,030 | 4,867,421 |
| Balance with Statutory/ Govt authorities | 277,270,840 | 239,223,357 |
| Prepaid Expenses | 9,407,640 | 9,096,862 |
| Trade Advance | 91,889,412 | 180,614,800 |
| Interest accrued on term deposits | 22,686,449 | 17,300,926 |
| Others | 13,452,548 | 4,507,115 |
| Total | 434,870,919 | 455,610,481 |
| Less: Provision for doubtful advances | - | - |
| Additional information | | |
| Breakup of above | | |
| Secured, considered good | | |
| Unsecured, considered good | 434,870,919 | 455,610,481 |

Notes on Consolidated Financial Statement for the year ended March 31, 2017 (contd.)

18. CONTINGENT LIABILITIES AND COMMITMENTS

(to the extent not provided for)

a) Contingent Liabilities

- Guarantees
- Letters of credit

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

b) Commitments

- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)
- Corporate Guarantee issued to the bankers of the subsidiary company
- Corporate Guarantee issued on behalf of subsidiary company. (Japan WOS)

| As at 31.03.2017 | As at 31.03.2016 |
|------------------|------------------|
| Rs. | Rs. |
| 805,479,396 | 827,075,951 |
| 382,216,114 | 353,772,096 |
| 14,792,344 | 9,639,203 |
| 430,000,000 | 430,000,000 |
| - | - |

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 previous financial years amounting to Rs. 7,20,817/- including Rs. 2,20,930/- towards interest on such short deduction/payment under Forms 27EQ, 26Q & 24Q. The company has pursued the matter with the department and the same is under appeal for such short deduction/late payment.

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

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

19. REVENUE FROM OPERATIONS

Sale of Goods

- AC Generators
- AC Generator Spares
- Power Business Inland
- Power Business Overseas Japan Branch
- Power Business Overseas Japan WOS
- Power Business Inland - EPC
- Reserve for Future Contract - ADD / (Less)

Total

| Current Year | Previous Year |
|----------------------|----------------------|
| Rs. | Rs. |
| 3,092,151,170 | 3,713,909,467 |
| 359,572,341 | 356,524,304 |
| 44,398,893 | 530,418,374 |
| 526,728,953 | 398,417,427 |
| 97,616,870 | 287,050,973 |
| 17,245,549 | 119,107,718 |
| - | 111,694,563 |
| 4,137,713,776 | 5,517,122,826 |

Notes on Consolidated Financial Statement for the year ended March 31, 2017 (contd.)

| | Current Year Rs. | Previous Year Rs. |
|--|----------------------|----------------------|
| REVENUE FROM OPERATIONS (Contd.) | | |
| Sale of services | 289,863,964 | 108,896,757 |
| Other operating revenues | 39,812,278 | 43,267,624 |
| Total | 4,467,390,018 | 5,669,287,207 |
| Less | | |
| Intersegmental sales | 168,208,543 | 178,702,447 |
| Intercompany | 196,423,205 | 48,956,670 |
| Excise duty | 303,668,138 | 374,115,935 |
| Total | 3,799,090,132 | 5,067,512,155 |
| 20. OTHER INCOME | | |
| Interest income on Bank Deposits | 131,457,029 | 129,789,051 |
| Dividend Income | | |
| - long term investments | 6,000 | 6,000 |
| Other non operating income (net of expenses directly attributable to such income) | 73,050,409 | 72,088,995 |
| Total | 204,513,438 | 201,884,046 |
| 21. COST OF MATERIALS CONSUMED | | |
| Consumption of raw materials | 2,168,193,088 | 2,480,183,902 |
| Consumption of stores and spare parts | 32,614,349 | 28,103,553 |
| Total | 2,200,807,437 | 2,508,287,455 |
| Consumption of major raw materials | | |
| Copper (wires, strips, rods, sheet etc.) | 360,335,193 | 358,226,445 |
| Steel/ Laminations | 293,802,150 | 347,418,748 |
| Shaft Forgings | 114,711,808 | 141,575,885 |
| Others | 1,399,343,937 | 1,632,962,824 |
| Total | 2,168,193,088 | 2,480,183,902 |
| Purchases for Projects & EPC Business | 352,737,932 | 1,079,574,976 |
| 22. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS | | |
| Stocks at the end of the year | | |
| Work in progress: A C Generators | 260,640,983 | 312,996,102 |
| Finished goods: A C Generators | 29,545,749 | - |
| Total | 290,186,732 | 312,996,102 |
| Less: Stocks at the beginning of the year | | |
| Work in progress: A C Generators | 312,996,102 | 368,985,660 |
| Finished goods: A C Generators | - | 35,019,368 |
| Total | 312,996,102 | 404,005,028 |
| Net (Increase) / Decrease in Stock | 22,809,370 | 91,008,926 |

Notes on Consolidated Financial Statement for the year ended March 31, 2017 (contd.)

| | Current Year Rs. | Previous Year Rs. |
|--|---------------------|----------------------|
| 23. EMPLOYEE BENEFIT EXPENSES | | |
| Salaries and wages | 478,864,449 | 458,146,138 |
| Contribution to provident and other funds | 30,527,277 | 61,856,580 |
| Remuneration to whole time directors including contributions | 8,105,103 | 23,870,864 |
| Staff welfare expenses | 120,480,012 | 116,643,548 |
| Total | 637,976,841 | 660,517,130 |
| 24. FINANCE COSTS | | |
| Interest expense | 41,428,844 | 49,815,031 |
| Total | 41,428,844 | 49,815,031 |
| 25. DEPRECIATION AND AMORTIZATION | | |
| Depreciation | 266,239,809 | 275,755,123 |
| Amortization of intangible assets | 12,315,577 | 12,315,576 |
| Total | 278,555,386 | 288,070,699 |
| 26. OTHER EXPENSES | | |
| Power and fuel | 49,647,337 | 56,087,994 |
| Rent | 6,716,690 | 15,352,766 |
| Repairs and Maintenance | | |
| Buildings | 1,501,449 | 5,196,718 |
| Machinery | 15,757,284 | 27,448,332 |
| Others | 9,563,022 | 10,138,814 |
| Insurance | 8,480,858 | 7,163,369 |
| Rates and taxes | 5,898,577 | 2,693,146 |
| Payment to the auditors | | |
| as auditor | 1,952,935 | 1,976,000 |
| for taxation matters | 810,000 | 621,250 |
| for other services | 865,979 | 1,252,961 |
| Selling expenses | 72,080,430 | 111,144,767 |
| Provision for doubtful trade receivables | - | 151,121,835 |
| Loss on sale of property, plant and equipment | 2,514,082 | 3,086,036 |
| Donations | 1,191,875 | 1,590,458 |
| Legal and professional charges | 45,378,288 | 52,086,769 |
| Directors sitting fees | 1,414,324 | 1,831,950 |
| Travelling and Conveyance | 133,665,071 | 121,677,053 |
| Bank Charges | 23,102,977 | 20,713,647 |
| Foreign Exchange Fluctuation | 61,849,064 | - |
| Postage, Telegrams and Telephones | 9,778,616 | 11,651,170 |
| Royalty | 582,200 | 6,744,279 |
| Software Expenses on ERP | 22,170,473 | 13,960,170 |
| Manufacturing Expenses | 11,919,418 | 18,653,114 |

Notes on Consolidated Financial Statement for the year ended March 31, 2017 (contd.)

OTHER EXPENSES (Contd.)

| | Current Year Rs. | Previous Year Rs. |
|--|---------------------|----------------------|
| Vehicle Maintenance | 7,166,015 | 5,703,911 |
| Advertisement | 5,065,761 | 4,259,123 |
| Printing & Stationary | 6,127,883 | 7,077,729 |
| Subscription to Technical Associations, Journals & Magazines | 1,641,044 | 2,043,528 |
| Total | 506,841,652 | 661,276,889 |

27. ADDITIONAL INFORMATION

| | | |
|---|-------------|-------------|
| Value of Imports calculated on CIF basis | | |
| Raw Materials | 391,928,004 | 580,542,320 |
| Capital goods | 1,644,062 | 67,285,616 |
| Expenditure in foreign currency: (net of withholding tax) | | |
| Others - On Payment Basis | 55,887,472 | 84,811,482 |
| Capital Equipment Purchased | 1,382,985 | 41,622,232 |

Particulars

| | Amount (Rs.) | % to total | Amount (Rs.) | % to total |
|--|----------------------|----------------|----------------------|----------------|
| Value of imported raw materials, spare parts and components consumed | 444,350,364 | 20.11% | 469,760,968 | 18.24% |
| Value of indigenous raw materials, spare parts and components consumed | 1,765,497,382 | 79.89% | 2,106,345,225 | 81.76% |
| Total | 2,209,847,746 | 100.00% | 2,576,106,193 | 100.00% |

Details of non-resident shareholdings

| | | |
|--|-----------|-----------|
| Number of non-resident shareholders | 153 | 109 |
| Number of shares held by non-resident shareholders | 6,128,355 | 7,922,746 |

Earnings in foreign exchange

| | | |
|--|---------------|---------------|
| Export of goods calculated on FOB basis | 1,684,468,797 | 1,764,215,818 |
| Royalty, Know-how, professional and consultancy fees | 42,984,013 | 11,607,061 |
| Other Income | 2,039,754 | 2,076,051 |

28. EARNINGS PER SHARE*After extraordinary item:*

| | | |
|--|---------------|---------------|
| Profit / Loss for the year after tax expense | (44,843,253) | (91,853,966) |
| Weighted average number of equity shares | 33,237,588 | 33,237,588 |
| Earning per share | (1.35) | (2.76) |

29. DISCLOSURES AS PER ACCOUNTING STANDARD 15 "EMPLOYEE BENEFITS"**Defined Contribution Plan**

| | | |
|--|------------|------------|
| Employer's Contribution to Provident Fund & Pension Scheme | 21,066,707 | 21,704,697 |
| Employer's Contribution to Superannuation Fund | - | - |

Defined Benefit Plan

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

Notes on Consolidated Financial Statement for the year ended March 31, 2017 (contd.)

| | Current Year (Rs.) | | Previous Year (Rs.) | |
|---|------------------------|---|-------------------------|--|
| | Gratuity (Funded) | Leave (Unfunded) | Gratuity (Funded) | Leave (Unfunded) |
| Disclosures as per Accounting Standard 15 "Employee Benefits" (contd.) | | | | |
| Defined Benefit obligation at beginning of the reporting period | 50,712,240 | 41,700,710 | 50,038,740 | 47,690,902 |
| Current Service Cost | 5,287,290 | 4,482,700 | 5,024,068 | 9,918,485 |
| Interest Cost | 4,056,979 | 3,002,140 | 3,378,482 | 2,883,471 |
| Acquisition adjustment | - | (607,282) | (6,195,926) | (6,337,171) |
| Actuarial (gain)/ loss | 5,453,830 | (2,913,110) | 4,760,585 | (3,682,553) |
| Benefits Paid | (6,952,887) | - | (6,293,709) | (8,772,424) |
| Defined Benefit obligation at end of the reporting period | 58,557,452 | 45,665,158 | 50,712,240 | 41,700,710 |
| <i>Obligations at end of the period -Current</i> | 5,677,938 | 8,969,088 | 4,999,471 | 6,833,421 |
| <i>Obligations at end of the period -Non -Current</i> | 52,879,514 | 36,696,070 | 45,712,769 | 34,867,289 |
| Reconciliation of opening and closing balance of fair value of plan assets | | | | |
| Fair value of plan assets at beginning of the reporting period * | 67,732,657 | - | 59,913,270 | - |
| Acquisition adjustment | - | - | (6,195,926) | - |
| Expected return on plan assets | 5,613,284 | - | 4,932,366 | - |
| Employer Contribution | 11,392,455 | - | 15,244,199 | - |
| Benefits paid | (6,952,887) | - | (6,293,709) | - |
| Actuarial gain/(loss) | - | - | 132,457 | - |
| Fair value of plan assets at reporting period | 77,785,509 | - | 67,732,657 | - |
| Reconciliation of fair value of assets & obligations | | | | |
| Fair value of plan assets | 77,785,509 | - | 67,732,657 | - |
| Present value of obligation | (58,557,452) | - | (50,712,240) | - |
| Funded assets in excess of obligation of prior years | (19,228,057) | - | (17,020,417) | - |
| Amount recognised in B/S under liabilities | - | - | - | - |
| Expense recognised during the year | | | | |
| Current Service Cost | 5,287,290 | 4,482,700 | 5,024,068 | 9,918,485 |
| Interest Cost | 4,056,979 | 3,002,140 | 3,378,482 | 2,883,471 |
| Expected return on plan assets | (5,613,284) | - | (4,932,366) | - |
| Actuarial (gain)/ loss | 5,453,830 | (2,913,110) | 4,893,042 | (3,682,553) |
| Net Cost | 9,184,815 | 4,571,730 | 8,363,226 | 9,119,403 |
| Actuarial assumptions | | | | |
| Mortality Table | 1994 –96 (Ultimate) | Indian Assured Lives Mortality (2006-08) (modified) ULT | 1994 – 96 (Ultimate) | Indian Assured Lives Mortality (2006-08) (modified) ULT |
| Discount rate (per annum) | 8.00% | 7.30% | 8.00% | 7.90% |
| 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, 2017 (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. Property, plant and equipment, Liabilities, Current assets and Current liabilities relating to specific business segments are identified and reported. Those that are not identifiable are reported as common items.

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

PRIMARY SEGMENT

Current Year (Amt in Rs.)

| Particulars | Manufacturing | Project Business | EPC | Common | Total |
|---|----------------------|---------------------|---------------------|---------------------|----------------------|
| Segment Revenues | | | | | |
| External Revenues | 3,461,917,077 | 684,559,255 | 17,245,548 | - | 4,163,721,880 |
| Intersegment/Company revenues | (168,208,543) | - | - | - | (168,208,543) |
| Intercompany | (196,423,205) | - | - | - | (196,423,205) |
| Total Revenues | 3,097,285,329 | 684,559,255 | 17,245,548 | - | 3,799,090,132 |
| Segment Results | | | | | |
| Profit Before Taxation and Interest | 192,530,240 | (52,738,936) | (22,014,418) | (39,859,993) | 77,916,892 |
| Less: Interest | 40,617,373 | - | 811,471 | - | 41,428,844 |
| Less: Depreciation & Amortization | 277,014,184 | 257,937 | 990,936 | 292,327 | 278,555,384 |
| Total | (125,101,318) | (52,996,873) | (23,816,825) | (40,152,320) | (242,067,336) |
| Unallocable & Other Income (including Extraordinary items) | 52,733,297 | 80,824,679 | - | 70,955,469 | 204,513,445 |
| Less: Tax | 0 | 7,834,500 | - | (545,139) | 7,289,361 |
| Total Profit | (72,368,021) | 19,993,307 | (23,816,825) | 31,348,288 | (44,843,253) |

Previous Year (Amt in Rs.)

| | | | | | |
|-------------------------------------|----------------------|----------------------|----------------------|---------------------|----------------------|
| Segment Revenues | | | | | |
| External Revenues | 3,816,407,615 | 1,247,961,376 | 230,802,281 | - | 5,295,171,272 |
| Intersegment revenues | (178,702,447) | - | - | - | (178,702,447) |
| Intercompany | (38,903,032) | - | (10,053,638) | - | (48,956,670) |
| Total Revenues | 3,598,802,136 | 1,247,961,376 | 220,748,643 | - | 5,067,512,155 |
| Segment Results | | | | | |
| Profit Before Taxation and Interest | 287,884,259 | 35,599,765 | (217,909,724) | (38,727,520) | 66,846,779 |
| Less: Interest | 48,144,944 | 78 | 1,670,009 | - | 49,815,031 |
| Less: Depreciation & Amortization | 283,450,362 | 257,937 | 4,070,071 | 292,327 | 288,070,697 |
| Total | (43,711,047) | 35,341,750 | (223,649,804) | (39,019,847) | (271,038,948) |

Notes on Consolidated Financial Statement for the year ended March 31, 2017 (contd.)

| PRIMARY SEGMENT (Contd.) | Manufacturing | Project Business | EPC | Common | Total |
|---|-------------------|-------------------|----------------------|-------------------|---------------------|
| Unallocable & Other Income (including Extraordinary items) | 64,117,562 | 62,515,846 | - | 75,250,635 | 201,884,043 |
| Less: Tax | 7,504,282 | 12,080,387 | - | 3,114,392 | 22,699,061 |
| Total Profit | 12,902,233 | 85,777,209 | (223,649,804) | 33,116,396 | (91,853,966) |

(Amt in Rs.)

| | Manufacturing | Project Business | EPC | Common | Total |
|---|---------------|------------------|--------------|---------------|---------------|
| Segment Assets - Current Year | 4,751,842,069 | 635,324,123 | 143,032,619 | 1,894,256,491 | 7,424,455,303 |
| Previous Year (2015-2016) | 4,752,837,495 | 927,859,211 | 220,763,253 | 2,027,580,253 | 7,929,040,212 |
| Segment Liabilities - Current Year | 1,539,023,680 | 116,365,277 | 474,592,566 | 723,315 | 2,130,704,839 |
| Previous Year (2015-2016) | 1,482,091,700 | 657,394,115 | 625,479,773 | 1,634,609 | 2,766,600,197 |
| Capital Expenditure (Net of disposal) - Current Period | 24,456,388 | 2,419,100 | (17,057,579) | - | 9,817,909 |
| Previous Year (2015-2016) | 149,557,098 | - | (10,900,125) | - | 138,656,973 |

GEOGRAPHICAL SEGMENT

Segment revenue by Geographical Market

| | Current Year Rs. | Previous Year Rs. |
|-----------------------------|----------------------|----------------------|
| Sales of India | 3,353,127,755 | 4,564,589,030 |
| Sales of overseas | 810,594,125 | 730,582,242 |
| Less: Inter-segmental sales | (168,208,543) | (178,702,447) |
| Less: Inter-company | (196,423,205) | (48,956,670) |
| Total | 3,799,090,132 | 5,067,512,155 |

Carrying amounts of geographical assets & additions to tangible & intangible property, plant & equipment

| | Carrying amounts of segment assets (Amt in Rs.) | | Additions to property, plant and equipments & Intangible assets (Amt in Rs.) | |
|-----------------------|---|----------------------|--|--------------------|
| | As at 31.03.2017 | As at 31.03.2016 | As at 31.03.2017 | As at 31.03.2016 |
| Located in India | 6,524,598,806 | 6,988,945,076 | 5,358,248 | 138,656,973 |
| Located outside India | 899,856,497 | 940,095,136 | 4,459,662 | - |
| Total | 7,424,455,303 | 7,929,040,212 | 9,817,909 | 138,656,973 |

31. RELATED PARTIES DISCLOSURE

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

Notes on Consolidated Financial Statement for the year ended March 31, 2017 (contd.)

Related Parties Disclosure (contd.)

(Amt in Rs.)

| Nature of transactions | Key management personnel and their Relatives | | Enterprises over which Key Managerial Personnel and their Relatives are able to exercise significant influence |
|--|--|------------|--|
| | 2017 | 2016 | |
| Directors Remuneration and Commission | | | |
| Nikhil Kumar | 2,520,000 | 19,528,828 | - |
| K. G. Prabhakar | 5,585,103 | 4,812,980 | - |
| Key Managerial Personnel | | | |
| N. Srivatsa | 4,679,561 | 4,030,193 | - |
| Relative of Director | | | |
| Sagir M Khericha | 525,000 | 809,066 | - |
| Remuneration Paid | | | |
| B. C. Harish | - | 7,078,161 | - |
| Directors Sitting fees | | | |
| Mohib Khericha | 364,232 | 400,300 | - |
| Lease Rent Paid | | | |
| Mohib Khericha | - | 1,350,000 | - |

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. 2,436,544/- (Previous year Rs.15,352,766/-).

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

(Amt in Rs.)

| | Warranty claims | Compensated leave / Sick Leave |
|--|-----------------|--------------------------------|
| Balance outstanding at the beginning of the year | 23,188,814 | 1,634,609 |
| Provision for the year | - | 723,315 |
| Utilized during the year | 4,576,865 | 1,634,609 |
| Withdrawn and credited to Statement of Profit and Loss | - | - |
| Balance outstanding at the end of the year | 18,611,949 | 723,315 |

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

Unhedged

| | As at the end of Current Year (Rs.) | As at the end of Previous Year (Rs.) |
|------------------------|-------------------------------------|--------------------------------------|
| Assets (Receivables) | 779,121,769 | 637,545,123 |
| Liabilities (payables) | 321,837,051 | 320,128,987 |

Notes on Consolidated Financial Statement for the year ended March 31, 2017 (contd.)

35. The disclosure as per revised AS-7 in respect of contract in progress at the end of year

| | As at the end of Current Year (Rs.) | As at the end of Previous Year (Rs.) |
|--|--|---|
| Contract revenue | 3,080,044,372 | 3,080,044,372 |
| Cost incurred | 3,635,364,100 | 3,581,911,742 |
| Recognised profit (Less recognized losses) | 555,319,728 | (501,867,370) |
| Amount of advance received | 18,994,427 | 23,805,584 |
| Amount of retentions (Deferred debts) | 388,497,957 | 341,276,551 |
| In respect of dues from customer after appropriate netting off | - | - |
| Gross amount due from customer for contract work as an asset | - | 110,670,182 |
| Gross amount due to customer for contract work as liability | - | - |
| Contingencies | Nil | Nil |

36. CORPORATE SOCIAL RESPONSIBILITY

- i a. Gross amount required to be spent by the company during the year - Rs. 14,659,196/-
b. Amount spent including service tax during the year on

| (Amt in Rs.) | | | | |
|--------------|---------------------------------------|------------|-------------|-------------|
| Sl. No. | Towards | Spent | To be spent | Total |
| 1. | Construction/acquisition of any asset | - | - | - |
| 2. | On purposes other than (1) above | 11,727,260 | 2,931,936 | 14, 659,196 |

- ii a. Gross amount required to be spent by DF Power Systems Private Limited during the year: Rs. 87,241/-
b. Amount spent during the year on

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

37. DISCLOSURE OF SPECIFIED BANK NOTES HELD AND TRANSACTED DURING PERIOD FROM 8TH NOVEMBER 2016 TO 30TH DECEMBER 2016

| (Amt in Rs.) | | | |
|---------------------------------------|----------------------|--------------------------|-----------|
| Particulars | Specified Bank Notes | Other denomination notes | Total |
| Closing cash in hand as on 08.11.2016 | 320,500 | 36,992 | 357,492 |
| ADD: Permitted receipts | - | 1,722,220 | 1,722,220 |
| LESS: Permitted payments | - | 1,281,859 | 1,281,859 |
| LESS: Amount deposited in Banks | 320,500 | - | 320,500 |
| Closing cash in hand as on 30.12.2016 | - | 477,353 | 477,353 |

38. NOTE ON MANAGERIAL REMUNERATION:-

In view of inadequate profits for the current financial year, the remuneration paid to Managing Director (part of the year) & Whole Time Director (full year) of Rs. 25,20,000/- & Rs. 55,85,103/- respectively, is subject to approval of the shareholders.

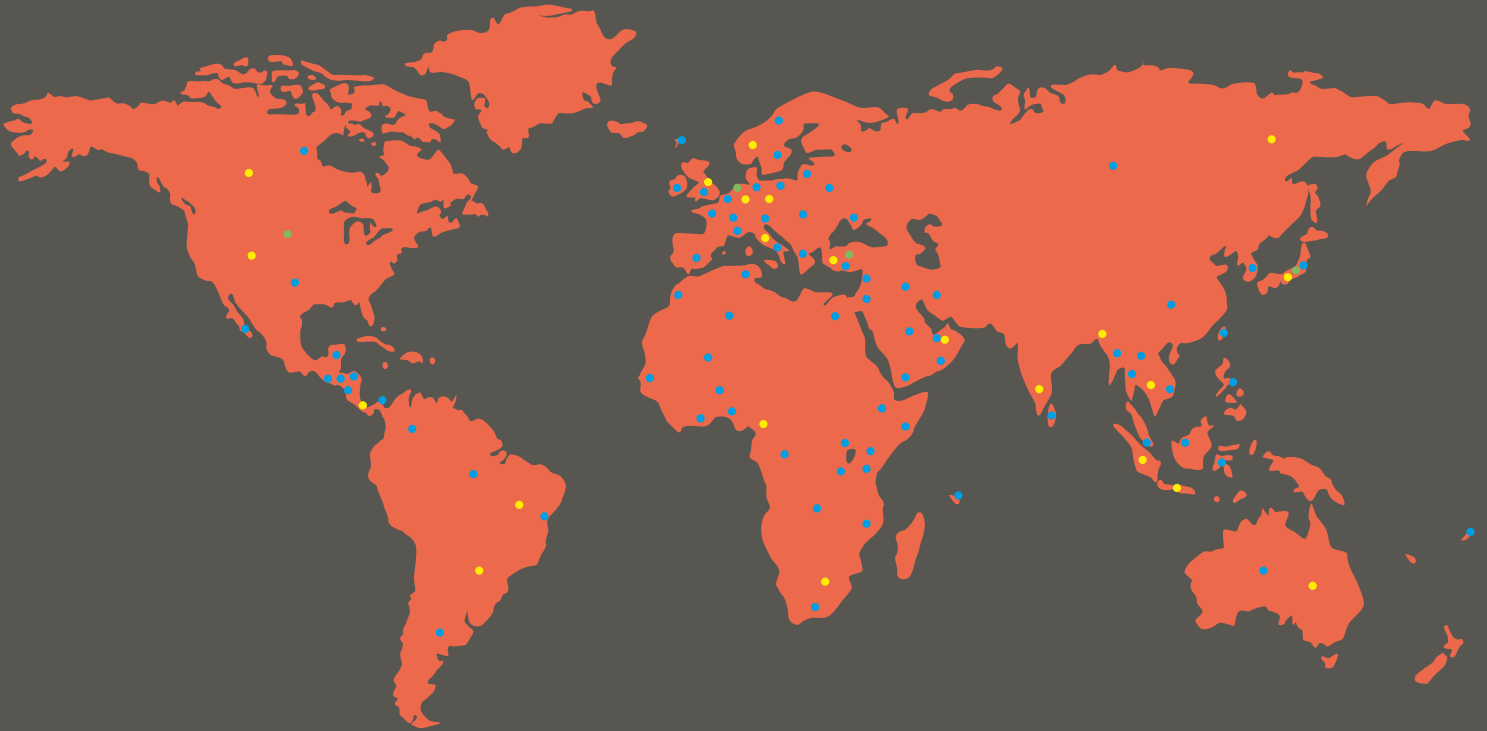
Notes on Consolidated Financial Statement for the year ended March 31, 2017 (contd.)

- 39 . a. The Group does not have any pending litigations which would impact its financial position as on the reporting date.
- b. The Group has made provision, as required under the accounting standards, for material foreseeable losses, on long term contracts in respect of its wholly owned Indian subsidiary. The Company did not have any derivative contracts for which there were any material foreseeable losses.
- c. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Group as on the reporting date.
- d. Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary / Associates / Joint Ventures.

| Name of the Entity in CFS | Net Assets i.e., total assets minus total liabilities | | Share in profit or loss | |
|----------------------------------|---|---------------------|-------------------------------------|-------------------|
| | As % of Consolidated net assets | Amount (Thousand) | As % of Consolidated profit or loss | Amount (Thousand) |
| Parent | | | | |
| TD Power Systems Limited | 100.22% | 4,698,314.97 | 1.98% | 889.61 |
| Subsidiaries | | | | |
| Indian | | | | |
| DF Power Systems Private Limited | 0.11% | 5,266.41 | 24.04% | (10,780.46) |
| Foreign | | | | |
| TD Power Systems USA Inc | -1.01% | (47,511.33) | 15.74% | (7,058.93) |
| TD Power Systems Japan Limited | 0.79% | 36,950.48 | 0.87% | 389.21 |
| TD Power Systems Europe GmbH | -0.11% | (5,050.77) | 63.07% | (28,282.69) |
| Total | 100.00% | 4,687,969.76 | 100.00% | -44,843.25 |

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

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● Installations

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

● Service Centers

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

● Subsidiary Companies

| |
|---------|
| USA |
| Japan |
| Germany |
| Turkey |

www.tdps.co.in

TD Power Systems Limited

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