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

tdps™

Annual Report 2019

TD Power Systems Limited

COMPANY INFORMATION

www.tdps.co.in
CIN: L31103KA1999PLC025071

Registered Office & Unit 1
27, 28 & 29, KIADB Industrial Area
Dabaspet, Nelamangala Taluk
Bengaluru Rural District
Bengaluru – 562 111, India
Tel: + 91-80-2299 5700/6633 7700
Fax: + 91-80-7734 439/2299 5718

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

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

Wholly Owned Subsidiaries
DF Power Systems Private Limited
TD Power Systems (USA) Inc.
TD Power Systems Japan Limited
TD Power Systems Europe GmbH
TD Power Systems Jenerator Sanayi AS –Turkey

Bankers
Bank of Baroda
Kotak Mahindra Bank

Auditors
Varma & Varma
Chartered Accountants
Bangalore – 560 043

Stock Exchanges
(Where the shares of the Company are listed)
BSE Limited
National Stock Exchange of India Ltd.

Registrar and Transfer Agents (RTA)
Link Intime India Private Limited

Investors grievance redressal e-mail id
investor.relations@tdps.co.in

Board of Directors

Chairman
Mohib N. Khericha

Managing Director
Nikhil Kumar

Director
K. G. Prabhakar

Independent Directors
Nitin Bagamane
Ravi Kanth Mantha
Prathiba Sastry

Chief Financial Officer
M. N. Varalakshmi

Company Secretary & Compliance Officer
N. Srivatsa

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DIRECTORS' REPORT

Dear Members

Your Directors present the Twentieth Annual Report (Boards' Report) together with the Audited Financial Statements of the Company (Company or TDPS) for the financial year ended March 31, 2019.

Financial Results (Rs. in Lakhs)

	For the year ended	
	March 31, 2019	March 31, 2018
Revenue from operations & other Income	45,590.66	45,173.17
Revenue from operations & other Income (net of duties)	45,590.66	44,884.19
Earnings before interest, tax, depreciation & amortization including other income and exceptional item	4,010.22	5,079.12
Finance cost	284.29	662.13
Depreciation & amortization	2,591.10	2,705.54
Profit before Tax (PBT) including exceptional item	1,134.83	1,711.45
Tax expense	427.91	472.16
Profit after Tax (PAT) including exceptional item	706.92	1,239.29
Other Comprehensive Income	(10.00)	10.22
Total Comprehensive Income including exceptional item	696.92	1,249.51

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

The total income is Rs.45,590.66 Lakhs (net of duties) in fiscal 2019 as compared to Rs.44,884.19 (net of duties) in fiscal 2018 is higher by 1.57%. Net sales from manufacturing business was Rs.40,166.20 Lakhs in fiscal 2019 compared to Rs.37,129.30 Lakhs in fiscal 2018 contributing 88.10% of our Total Income in fiscal 2019. Net sales from our Project Business was Rs.4,342.49 Lakhs in fiscal 2019 compared to Rs.6,144.28 Lakhs in fiscal 2018 contributing 9.52% of our Total Income in fiscal 2019.

Exports and deemed exports continued to contribute 60% of manufacturing Revenue in Fiscal 2019 reiterating our continued focus on growing our overseas markets. Your company continues to add new customers in steam, gas turbine, hydro & diesel segments in Europe, US and India. Initial steps leading to serial production under the long term order for supply of traction motor components was commenced during this year.

Earnings Before interest, tax, depreciation & amortization including other income and exceptional item (EBITDA) decreased by Rs.1,068.90 Lakhs or 21.04% to Rs.4,010.22 Lakhs in fiscal 2019 as compared to Rs.5,079.12 Lakhs in fiscal 2018. Profit before tax and exceptional item decreased by Rs.576.62 Lakhs to Rs.1,134.83 Lakhs in fiscal 2019 from Rs.1,711.45 in fiscal 2018. Profit after tax including exceptional item decreased by Rs.532.37 Lakhs, to Rs.706.92 Lakhs in fiscal 2019 from Rs.1,239.29 Lakhs in fiscal 2018. Total comprehensive income including exceptional item decreased by Rs.552.59Lakhs in fiscal 2019.

The pending orders as of March 31, 2019 are Rs.1,04,517 Lakhs comprising of both manufacturing Rs.1,03,041 Lakhs (including order for railway business of Rs.75,106 Lakhs) and project business of Rs.1,476 Lakhs.

The net worth of the Company stands at Rs.45,695.25 Lakhs (including Capital redemption reserve) as compare to Rs.48,676.55 Lakhs in fiscal 2018due to utilization of Securities Premium up to Rs.3,000 Lakhs as approved by the Board of Directors for buy-back of the equity share as stated below under the heading of buy – back of equity shares.

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

On consolidated basis, total income is Rs.46,818.10 Lakhs (net of duties) in fiscal 2019 as compared to Rs.45,075.95 (net of duties) in fiscal 2018 was higher by 3.86 %. Earnings Before interest, tax, depreciation & amortization including other income (EBITDA) increased by Rs.1,207.69 Lakhs to Rs.3,632.15 Lakhs in fiscal 2019 as compared to Rs.2,424.46 Lakhs in fiscal 2018. The profit before tax was Rs.748.89 Lakhs in Fiscal 2019 as compared to loss of Rs.952.39 Lakhs in fiscal 2018 was higher by 178.63%. The Profit after tax was Rs.319.85 Lakhs in fiscal 2019 compared to loss after tax of Rs.1,442.44 Lakhs in fiscal 2018 was higher by 122.17%. Total comprehensive income was Rs.290.21 Lakhs in fiscal 2019 compared to total comprehensive loss of Rs.1,412.47 was higher by 120.55%.

DIVIDEND

The Board has recommended a dividend of Rs.2.00 per equity share for the year ended March 31, 2019. This Dividend is subject to approval of the shareholders at the ensuing Annual General Meeting (AGM). The dividends will entail a payout of Rs.745.84 Lakhs including dividend distribution tax of Rs.127.16 Lakhs.

DIRECTORS' REPORT (CONTD.)

BUY - BACK OF EQUITY SHARES

The Board of Directors of the Company, at its meeting held on 26.9.2018, approved the buyback of fully paid up Equity Shares of face value of Rs.10 each ("Equity Shares" and such buyback, the "Buyback"), for an aggregate amount not exceeding Rs.3,000 Lakhs (Rupees Three Thousand Lakhs only) excluding incidental and related expenses ("Maximum Buyback Size"), at a price not exceeding Rs.256/- (Rupees Two Hundred Fifty Six Only) per Equity Share payable in cash ("Maximum Buyback Price") from the open market through stock exchange mechanism in such manner as may be prescribed in the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018 ("Buyback Regulations") and the Companies Act, 2013 ("Act").

The Buy-back of Equity Shares of the Company commenced on October 10, 2018 and closed on April 5, 2019 (w.e.f closure of trading/market hours) and as of buy-back closure date, the Company has bought back 23,04,174 Equity Shares having face value of Rs.10 (Rupees Ten only) each.

The total amount utilized in the Buy-back of Equity Shares excluding Transaction Cost is about Rs.2,987 Lakhs (Rupees Two Thousand Nine Hundred and Eighty Seven Lakhs only) which is approximately 99.60% of the Maximum Buy-back Size authorized for the Buy-back.

The price at which 23,04,174 Equity Shares were bought back was dependent on the price quoted on the Stock Exchanges during the Buy-back period. The highest price at which the Equity Shares were bought back was Rs.148.81 per Equity Share while the lowest price was Rs.116.59 per Equity Share. The Equity Shares were bought back at a weighted average price of Rs.129.67 per Equity Share (price calculated has been rounded to the nearest paisa). All the shares bought back by the Company under Buy - Back have been duly extinguished. The paid up capital post Buy back stands at Rs.3,093,34,140 divided into 3,09,33,414 Equity Shares of Rs.10 each.

Particulars of contracts or arrangements made with related parties

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

Management Discussion & Analysis

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

Corporate Governance Report

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

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

Declaration by Independent Director

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

Policy on Directors' appointment and remuneration

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

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

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

Subsidiaries

As on March 31, 2019, the Company has five (5) wholly owned subsidiaries - DF Power Systems Private Limited (an Indian Subsidiary), TD Power Systems (USA) Inc., in the United States of America, TD Power Systems Japan Limited, in Japan, TD Power Systems Europe GmbH in Germany & TD Power Systems Jenerator Sanayi Anonim Sirketi in Turkey. Each of the above subsidiaries is directly owned 100% by TD Power systems Limited.

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

DIRECTORS' REPORT (CONTD.)

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 Fiscal 2019, DF Power Systems Private Limited did not conduct any activities and as a consequence there was no operating revenue other than the other income of Rs.15.20 Lakhs as against Rs.109.98 Lakhs in fiscal 2018. During fiscal 2019, this company incurred a loss after tax of Rs.143.02 Lakhs as against Rs.2,303.16 Lakhs in fiscal 2018. The total comprehensive loss for the fiscal 2019 is Rs.143.02 Lakhs as compared to Rs.2303.16 Lakhs in fiscal 2018. Net worth of the Company as at March 31, 2019 continues to be negative. The Company continues to evaluate business proposals to render engineering services to utilize the tax credits and is negotiating with trade creditors for settlement with remission/reduction in liability on account of product warranty on equipment supplied by them. Legal action is being initiated to recover certain receivables and claims from suppliers and customers. The management is hopeful that these two steps will help the company in recovering dues which will reduce the negative net worth.

US Subsidiary

The operations of this Company during the fiscal 2019 resulted in revenue of Rs.3,138.30 Lakhs as compared to Rs.1109.58 Lakhs in Fiscal 2018. The loss after tax for the period is Rs.13.15 Lakhs in fiscal 2019 as compared to Rs.216.49 Lakhs in fiscal 2018.The total comprehensive loss (after accounting for foreign exchange difference on translation of foreign operations) for the fiscal 2019 is Rs.44.83 Lakhs as compared to Rs.228.42 Lakhs in fiscal 2018.

Japan Subsidiary

Major activities of the Japan business continues to be conducted through the Company's Branch office at Japan. However, to meet market requirements, one order was executed in this subsidiary during the Fiscal 2019. The Total Revenue of this subsidiary in Fiscal 2019 is Rs.1,933.04 Lakhs. The loss after tax for the fiscal was Rs.185.02 Lakhs mainly due to operating costs. The total comprehensive loss (after accounting for foreign exchange difference on translation of foreign operations) for the fiscal 2019 is Rs.182.38 Lakhs as compared to Rs.92.28 Lakhs in Fiscal 2018.Steps are being taken to effect significant cost reductions which will make the Japan branch self-sustainable.

German Subsidiary

Efforts put forth over the last two years have started yielding results. Majority of the new Hydro Original Equipment Manufacturers have placed orders and are working with the company. The focus is not only on specific markets, but also on several untapped verticals. The acceptance level of TDPS in the European market has increased above expectation. Enquiries have been received from customers all over Europe. Hydro continues to be the biggest contributor to the Sales in fiscal 2019. New customers have been added in steam, hydro and gas segments. The total revenue for the fiscal 2019 was Rs.2952.46 Lakhsas compared to Rs.2,575.37 Lakhs in fiscal 2018. Profit before tax is Rs.20.63 Lakhs in fiscal 2019 as compare to loss of Rs.2.70 Lakhs in fiscal 2018. The total comprehensive income (after accounting for foreign exchange difference on translation of foreign operations) for the fiscal 2019 is Rs.34.50 Lakhs as compared to Rs.9.50 Lakhs in fiscal 2018.

Turkey Subsidiary

TD Power Systems Jenerator Sanayi Anonim Sirketi was incorporated in Turkey in June 2017 to manufacture AC Generators for the Turkish market. Local partner & suppliers to associate with the Company in producing the Turkish made generators meeting the local content requirements was finalized and the manufacturing unit was set up. During the year, an order valued at USD 5,30,000 for 2 generators & an order valued at Euro 8,05,000 for 1 Generator & accessories were received. Out of this 2 generators of the order value of Rs.5,30,000 were delivered before March 31, 2019 and the third generator is under completion. The total revenue for the fiscal 2019 (being the first year of operations) is Rs.406.67 Lakhs. In view of significant preoperative expenses, the profit before tax for the year is Rs.5.23 Lakhs in fiscal 2019 as compare to the loss of Rs.27.09 Lakhs in fiscal 2018. The total comprehensive income (after accounting for foreign exchange difference on translation of foreign operations) for the fiscal 2019 is Rs.0.76 Lakhs as compared to the loss of Rs.27.62 Lakhs in fiscal 2018.The orders on hand as of March 31 2019 is Euro 1.93 million. More orders are in the pipeline during the current Fiscal. Considering the orders on hand & orders in the pipeline, the prospects of this initiative is encouraging.

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, 2019, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weakness exists. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and/or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

Directors' Responsibility Statement

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

a. In the preparation of the annual accounts for the financial year ended March 31, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures;

DIRECTORS' REPORT (CONTD.)

b. The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

c. The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. The directors have prepared the annual accounts on a going concern basis;

e. The directors, have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

f. The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Board of Directors' & Key Managerial Personnel

During the year Mr. K G Prabhakar ceased to be whole time director and CFO,consequent upon retirement from his service of the Company from the closing of business hours on June 27, 2018. However Mr. K G Prabhakar continues to be a Non-Executive and Non-Independent Director of the Company w.e.f. June 28, 2018. Mrs. M N Varalakshmi has been appointed as CFO effective July 01, 2018.

At the ensuing Annual General Meeting of the Company Mr. Mohib N Khericha (DIN: 00010365) retires by rotation and being eligible offers himself for reappointment.

Mr. Mohib N Khericha, aged 67 years, is a Chartered Accountant by qualification. He is 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 11.98% of paid up capital. He has attended all five board meetings of the Company held during 2018 -19.

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.

Risk Management Policy

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

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

Audit Reports

The Auditors' report for the fiscal 2019 does not contain any qualification, reservation or adverse remark. The Auditors' Report is enclosed with the financial statements in this Annual Report. During the year under review, the Auditors have not reported any fraud in terms of Section 143(12) of the Companies Act, 2013.

The Secretarial Auditors' report for the fiscal 2019 does not contain any qualification, reservation or adverse remark. The Secretarial Auditors' Report is enclosed as Annexure 8 to the Board Report in this Annual Report.

As provided in the Listing Regulations/LODR the certificate on corporate governance is form part of the Corporate Governance report. The said report does not contain any qualification, reservation or adverse remark.

Auditors

Statutory Auditors

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

Secretarial Auditor

As required under Section 204 of the Companies Act, 2013 and Rules made thereunder, the Board has appointed Mr. Sudhir V Hulyalkar, Practicing Company Secretary Bangalore, as the Secretarial Auditor for the Financial Year 2019-20.

Cost Auditor

In terms of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, M/s. Rao, Murthy & Associates, Cost Accountants, Bangalore have been appointed as Cost Auditors of the Company for the Financial Year 2019-20.

Disclosure

Extract of the Annual Return

In accordance with Section 92(3) (a) of the Companies Act, 2013, an extract of the Annual Return as of March 31, 2019 in the prescribed format is appended as Annexure 1 to the Boards' Report.

Number of Board Meetings

The Board met five times during the Financial Year 2018-19. The details of which are given in the Corporate Governance report that forms part of this Directors' Report. The

DIRECTORS' REPORT (CONTD.)

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 2019 in relation to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is provided in the Annexure 4 forming an integral part of this Board Report.

Particulars of Loans, Guarantees or Investments

The details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Act and relevant rules thereunder are given in the notes to Financial Statements.

Particulars of employees

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

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

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

None of the employees (except the Managing Director) is in receipt of a remuneration of Rs.8.5 Lakhs or more a month for part of the year. None of the employees employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company.

Committees of the Board

According to the Companies Act, 2013 and SEBI LODR the Board has five (5) Committees as on March 31, 2019 i.e. Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee. The detailed note on composition of the Board and its committees is disclosed in the Report on Corporate Governance forming part of this report.

Corporate Social Responsibility Committee

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

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

General

Your Directors state as follows

1. No significant or material orders were passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.
2. There was no issue of equity shares with differential rights, as to voting, dividend or otherwise.
3. There was no issue of shares including as sweat equity shares or employee stock options.
4. There were no deposits covered under Chapter V of the Companies Act, 2013.
5. No money has been provided by the Company for purchase of its own shares by employees or by trustees for the benefit of employees.
6. The Managing Director draws a part of his remuneration from TD Power Systems (Gmbh).
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.
8. 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 2018-19 and the Notice of the 20thAnnual General Meeting will be sent to all members whose email addresses are registered with the Company/Depository Participants. For members who have not registered their email addresses, physical copies are sent in the permitted mode.

Acknowledgement

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

For and on behalf of the Board of Directors

Bangalore
May 22, 2019

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 31.03.2019

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

I. REGISTRATION AND OTHER DETAILS:

I.	CIN	L31103KA1999PLC025071
ii.	Registration Date	16/04/1999
iii.	Name of the Company	TD Power Systems Limited
iv.	Category/ Sub Category of the Company	Public Company (Limited by Shares)
v.	Address of the Registered office and contact details	# 27, 28 & 29, KIADB Industrial Area, Dabaspet, Nelamangala Taluk, Bangalore – 562111 srivatsa.n@tdps.co.in 080-22995700
vi.	Whether listed Company	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent	Link Intime India Private Limited C-101, 247 Park, L. B. S. Marg, Vikhroli (West) Mumbai - 400 083 Tel No:+91 22 49186000

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Sl No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Manufacturers of AC Generators	31103	88.10
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	U51505KA2007PTC 041717	Subsidiary-India	100%	Section 2(87)(ii)
2	TD Power Systems (USA) Inc.	NA	Subsidiary- USA	100%	Section 2(87)(ii)
3	TD Power Systems Japan Limited	NA	Subsidiary-Japan	100%	Section 2(87)(ii)
4	TD Power Systems Europe, GmbH	NA	Subsidiary -Germany	100%	Section 2(87)(ii)
5	TD Power Systems Jenerator Sanayi Anonim Sirketi	NA	Subsidiary-Turkey	100%	Section 2(87)(ii)

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

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

I. Category-wise Share Holding

Sl No	Category of Shareholders	Shareholding at the beginning of the year (April 1, 2018)				Shareholding at the end of the year (March 31, 2019)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A	Shareholding of Promoter and Promoter Group									
1	Indian									
a	Individuals / Hindu Undivided Family	8369624	0	8369624	25.1812	8369624	0	8369624	26.8842	1.7030
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	1334252	0	1334252	4.0143	1386902	0	1386902	4.4549	0.4406
	Bodies Corporate	5026433	0	5026433	15.1227	5026433	0	5026433	16.1455	1.0228
	Sub Total (A)(1)	14730309	0	14730309	44.3182	14782959	0	14782959	47.4846	3.1664
2	Foreign									
a	Individuals (Non-Resident Individuals / Foreign Individuals)	3235254	0	3235254	9.7337	3235254	0	3235254	10.3920	0.6583
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	10.3920	0.6583
	Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)	17965563	0	17965563	54.0519	18018213	0	18018213	57.8766	3.8247
B	Public Shareholding									
1	Institutions									
a	Mutual Funds / UTI	6639379	0	6639379	19.9755	5687367	0	5687367	18.2685	-1.7070
b	Venture Capital Funds	0	0	0	0.0000	0	0	0	0.0000	0.0000
c	Alternate Investment Funds	120000	0	120000	0.3610	0	0	0	0.0000	-0.3610
d	Foreign Venture Capital Investors	0	0	0	0.0000	0	0	0	0.0000	0.0000
e	Foreign Portfolio Investor	2042862	0	2042862	6.1462	833350	0	833350	2.6768	-3.4694
f	Financial Institutions / Banks	39603	0	39603	0.1192	73508	0	73508	0.2361	0.1170
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)(1)	8841844	0	8841844	26.6019	6594225	0	6594225	21.1814	-5.4205

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

SHAREHOLDING PATTERN (CONTD.)

Sl No	Category of Shareholders	Shareholding at the beginning of the year (April 1, 2018)				Shareholding at the end of the year (March 31, 2019)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2	Central Government/ State Government(s)/ President of India									
	Sub Total (B)(2)	0	0	0	0.0000	0	0	0	0.0000	0.0000
3	Non-Institutions									
a	Individuals									
i	Individual shareholders holding nominal share capital upto Rs. 1 lakh.	2517810	2	2517812	7.5752	2720879	2	2720881	8.7398	1.1646
ii	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	1674056	0	1674056	5.0366	2122435	0	2122435	6.8175	1.7809
b	NBFCs registered with RBI	0	0	0	0.0000	22318	0	22318	0.0717	0.0720
d	Overseas Depositories (holding DRs) (balancing figure)	0	0	0	0.0000	0	0	0	0.0000	0.0000
e	Any Other (Specify)									
	Trusts	1000	0	1000	0.0030	1000	0	1000	0.0032	0.0002
	Hindu Undivided Family	217130	0	217130	0.6533	581339	0	581339	1.8673	1.2141
	Foreign Companies	812218	0	812218	2.4437	10000	0	10000	0.0321	-2.4116
	Non Resident Indians (Non Repat)	32342	0	32342	0.0973	55899	0	55899	0.1796	0.0822
	Non Resident Indians (Repat)	114061	0	114061	0.3432	122197	0	122197	0.3925	0.0493
	Foreign Portfolio Investor (Individual)	1600	0	1600	0.0048	0	0	0	0.0000	-0.0048
	Clearing Member	207801	0	207801	0.6252	74521	0	74521	0.2394	-0.3858
	Bodies Corporate	852161	0	852161	2.5638	809081	0	809081	2.5989	0.0350
	Sub Total (B)(3)	6430179	2	6430181	19.3461	6519669	2	6519671	20.9420	1.5958
	Total Public Shareholding(B)=(B)(1)+(B)(2)+(B)(3)	15272023	2	15272025	45.9481	13113894	2	13113896	42.1234	-3.8247
	Total (A)+(B)	33237586	2	33237588	100	31132107	2	31132109	100.0000	0.0000
C	Non Promoter - Non Public									
1	Custodian/DR Holder	0	0	0	0.0000	0	0	0	0.0000	0.0000
2	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	0	0	0	0.0000	0	0	0	0.0000	0.0000
	Total (A)+(B)+(C)	33237586	2	33237588	100	31132107	2	31132109	100.0000	

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

SHAREHOLDING PATTERN (CONTD.)

ii. Shareholding of Promoters and Promoters Group

Sl No	Shareholders Name	Shareholding at the beginning of the year 2018			Shareholding at the end of the year 2019			% Change in the shareholding during the year
		No. of shares held	% of the Shares the company	% of Shares pledged/ encumbered to total share	No. of shares held	% of the Shares the company*	% of Shares pledged/ encumbered to total share	
1	Saphire Finman Services Llp	5026433	15.1227	0.0000	5026433	16.1455	0.0000	1.0228
2	Nikhil Kumar	4638664	13.9561	0.0000	4638664	14.8999	0.0000	0.9438
3	Mohib Nomanbhai Khericha	3730960	11.2251	0.0000	3730960	11.9843	0.0000	0.7590
4	Hitoshi Matsuo	3235254	9.7337	0.0000	3235254	10.3920	0.0000	0.6583
5	Chartered Capital & Investment Ltd.	1134252	3.4126	0.0000	1134252	3.6434	0.0000	0.2308
6	Sofia Mohib Khericha	200000	0.6017	0.0000	200000	0.6424	0.0000	0.0407
7	Lavanya Sankaran	0	0.0000	0.0000	52650	0.1691	0.0000	0.1691
	Total	17965563	54.0519	0.0000	18018213	57.8766	0.0000	3.8247

* Percentage of shareholding as on March 31, 2019 is calculated based upon the total no. of paid up equity shares of the Company (including 1, 22, 886 equity shares which had been bought back under Buy back offer and extinguished after closure of the Financial Year)

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

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (April 1, 2018)		Cumulative Shareholding during the year	
1	Saphire Finman LLP	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	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):	There was no fresh acquisition of shares during the year. The percentage of shares increased due to extinguishment of shares bought back under the Buy-Back Offer.			
	At the end of the year	5026433	16.15%	5026433	16.15%

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

SHAREHOLDING PATTERN (CONTD.)

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (April 1, 2018)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
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):	There was no fresh acquisition of shares during the year. The percentage of shares increased due to extinguishment of shares bought back under the Buy-Back Offer.			
	At the end of the year	4638664	14.90%	4638664	14.90%
3.	Hitoshi Matsuo				
	At the beginning of the 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)	There was no fresh acquisition of shares during the year. The percentage of shares increased due to extinguishment of shares bought back under the Buy-Back Offer.			
	At the end of the year	3235254	10.39%	3235254	10.39%
4	Mohib N Khericha				
	At the beginning of the year	3730960	11.23%	3730960	11.23%
	Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	There was no fresh acquisition of shares during the year. The percentage of shares increased due to extinguishment of shares bought back under the Buy-Back Offer.			
	At the end of the year	3730960	11.98%	3730960	11.98%
5	CHARTERED CAPITAL & INVESTMENT LTD.				
	At the beginning of the year	1134252	3.41%	1134252	3.41%
	Date wise Increase /Decrease in Promoters group Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	There was no fresh acquisition of shares during the year. The percentage of shares increased due to extinguishment of shares bought back under the Buy-Back Offer.			
	At the end of the year	1134252	3.64%	1134252	3.64%

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

SHAREHOLDING PATTERN (CONTD.)

Sl. No.	Shareholder's Name			Shareholding at the beginning of the year (April 1, 2018)		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
6	SOFIA MOHIB KHERICHA						
	At the beginning of the year			200000	0.60%	200000	0.60%
	Date wise Increase /Decrease in Promoters Group Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):			There was no fresh acquisition of shares during the year. The percentage of shares increased due to extinguishment of shares bought back under the Buy-Back Offer.			
	At the end of the year			200000	0.64%	200000	0.64%
7	LAVANYA SANKARAN						
	At the beginning of the year			0	0	0	0
	Date wise Increase /Decrease in Promoters Group Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):						
	Date	Increase/ (Decrease) Trade Date	No. of shares				
	28.05.2018	Increase	6,100			6,100	0.02
	29.05.2018	Increase	6,000			12,100	0.04
	31.05.2018	Increase	6,100			18.200	0.05
	12.07.2018	Increase	16,200			34,400	0.10
	13.08.2018	Increase	18,250			52,650	0.16
	At the end of the year					52650	0.17%*

*The percentage is calculated based upon the total number of shares paid up as on March 31, 2019)

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

SHAREHOLDING PATTERN (CONTD.)

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

Sl No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2018		Transactions during the year		Cumulative Shareholding at the end of the year - 2019	
		No. of Shares held	% of total shares of the company	Date of transaction	No. of shares	No of Shares held	% of total shares of the company
1	Reliance capital trustee Co. Ltd -A/C Reliancesmall Cap Fund	2950000	8.87549			2950000	8.8755
	Transfer			01 Jun 2018	40797	2990797	8.9982
	Transfer			14 Sep 2018	46400	3037197	9.1378
	At the end of the year					3037197	9.7558
2	Sundaram Mutual Fund A/c Sundaram Small Cap Fund	1957562	5.88960			1957562	5.88960
	At the end of the year					1957562	6.2879
3	Baring India Private Equity Fund III listed Investments Limited	805778	2.42430			805778	2.42430
	At the end of the year					805778	2.5985
4	ICICI Prudential Business Cycle Fund Series 1	626284	1.88426			626284	1.88426
	Transfer			10 Aug 2018	120000	746284	2.4067
	Transfer			24 Aug 2018	-50507	695777	2.2438
	Transfer			31 Aug 2018	-36584	659193	2.1258
	Transfer			07 Sep 2018	-30413	628780	2.0277
	Transfer			22 Mar 2019	-37316	591464	1.8999
	Transfer			29 Mar 2019	-43856	547608	1.6476
	At the end of the year					547608	1.7590
5	Manharlal Chimanlal Parikh - HUF	0	0			0	0
	Transfer			08 Jun 2018	12089	12089	0.039
	Transfer			15 Jun 2018	-913	11176	0.036
	Transfer			22 Jun 2018	1425	12601	0.0406
	Transfer			30 Jun 2018	40695	53296	0.1719
	Transfer			06 Jul 2018	23215	76511	0.2467
	Transfer			13 Jul 2018	-16100	60411	0.1948
	Transfer			20 Jul 2018	7772	68183	0.2199
	Transfer			27 Jul 2018	3423	71606	0.2309
	Transfer			03 Aug 2018	-12423	59183	0.1909
	Transfer			10 Aug 2018	22016	81199	0.2619
	Transfer			17 Aug 2018	7801	89000	0.287
	Transfer			24 Aug 2018	1470	90470	0.2918
	Transfer			31 Aug 2018	9930	100400	0.3238
	Transfer			07 Sep 2018	18692	119092	0.3841
	Transfer			14 Sep 2018	15753	134845	0.4349

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

SHAREHOLDING PATTERN (CONTD.)

Sl No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2018		Transactions during the year		Cumulative Shareholding at the end of the year - 2019	
		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
	Manharlal Chimanlal Parikh - HUF						
	Transfer			21 Sep 2018	21000	155845	0.5026
	Transfer			29 Sep 2018	72335	228180	0.7358
	Transfer			05 Oct 2018	22635	250815	0.8088
	Transfer			12 Oct 2018	55000	305815	0.9862
	Transfer			16 Nov 2018	185	306000	0.9206
	At the end of the year					306000	0.9829
6	Chetan Jayantilal Shah	250000	0.75216			250000	0.75216
	Transfer			20 Apr 2018	25000	275000	0.8274
	At the end of the year					275000	0.8833
7	Bhadra Jayantilal Shah	250000	0.75216			250000	0.75216
	Transfer			20 Apr 2018	25000	275000	0.82738
	At the end of the year					275000	0.8833
8	Rohinton Soli Screwvala	190400	0.57285			190400	0.57285
	At the end of the year					190400	0.6116
9	Manoj Dua	116292	0.34988			116292	0.34988
	Transfer			06 Apr 2018	6567	122859	0.3962
	Transfer			31 Aug 2018	1000	123859	0.3994
	Transfer			14 Sep 2018	1000	124859	0.4027
	Transfer			21 Sep 2018	-2429	122430	0.3948
	Transfer			08 Feb 2019	27302	149732	0.0860
	Transfer			01 Mar 2019	5000	154732	0.0160
	Transfer			08 Mar 2019	16858	171590	0.0538
	Transfer			15 Mar 2019	4000	175590	0.5614
	Transfer			29 Mar 2019	2590	178180	0.5361
	At the end of the year					178180	0.5723
10	G S Raju	145800	0.43866			145800	0.43866
	At the end of the year					145800	0.4683

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

SHAREHOLDING PATTERN (CONTD.)

v. Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (April 1, 2018)		Cumulative Shareholding During year 2018-2019	
1	Nikhil Kumar	No. of Shares held	% of total shares of the company	No of Shares held	% of total shares of the company
	At the beginning of the 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):	Please refer note mentioned in promoter shareholding as stated above			
	At the End of the year	4638664	14.90%		
2	Mohib N Khericha				
	At the beginning of the year	3730960	11.23%	3730960	11.23%
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	Please refer note mentioned in promoter shareholding as stated above			
	At the End of the year	3730960	11.98%		
3	Nithin Bagamane				
	At the beginning of the 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	Ravi Kanth Mantha				
	At the beginning of the 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, 2018)		Cumulative Shareholding During year 2018-2019	
5	Prathibha Sastry	No. of Shares held	% of total shares of the company	No of Shares held	% of total shares of the company
	At the beginning of the 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	K G Prabhakar				
	At the beginning of the year	4500	0.01%	4500	0.01%
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	0	0	0	0
	At the End of the year	4500	0.01%		
8	N. Srivatsa				
	At the beginning of the year	125	0.00%	125	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	125	0.00%		

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ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

V. INDEBTEDNESS

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

Sl. No.	Particulars	Secured Loans excluding deposits (Rs.)	Unsecured Loans (Rs.)	Deposits (Rs.)	Total Indebtedness (Rs.)
A	Indebtedness at the beginning of the financial year (01.04.2018)				
	(i) Principal Amount	686,026,241	-	-	686,026,241
	(ii) Interest due but not paid**	-	-	-	-
	(iii)Interest accrued but not due**	-	-	-	-
	Total (i+ii+iii)	686,026,241	-	-	686,026,241
B	Change in Indebtedness during the financial year				
	(I) Addition	-	-	-	-
	(ii) Reduction	72,104,888	-	-	72,104,888
	Net Change	72,104,888	-	-	72,104,888
C	Indebtedness at the end of the financial year (31.03.2019)				
	(I) Principal Amount	613,921,353	-	-	613,921,353
	(ii) Interest due but not paid**	-	-	-	-
	(iii) Interest accrued but not due**	-	-	-	
	Total (i+ii+iii)	613,921,353	-	-	613,921,353

** 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	Nikhil Kumar Managing Director (Amount in Rs. p.a.)	K G Prabhakar Director & CFO (Amount in Rs. p.a.) (April 1, 2018 to June 27, 2018)	Total
1	Gross salary			
	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,90,47,070*	45,09,417	2,35,56,487
	Value of perquisites u/s 17(2) Income-tax Act, 1961	39,600	9,900	49,500
	c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission - as % of profit - others, specify	Nil	Nil	Nil
5	Others, (contribution to PF)	18,99,125	97,283	19,96,408
	Others, (contribution to PF of FY 2016-17)			-
	Total (A)	2,09,85,795	46,16,600	2,56,02,395
	Ceiling as per the Act *	24,000,000	24,000,000	

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

B. Remuneration to other directors

Amount in `

Sl. No.	Particulars of Remuneration	Non- Executive Non Independent Director		Independent Director			Total
		Mr. Mohib N Khericha	Mr. K G Prabhakar*	Mr. Nithin Bagamane	Mr. Ravi K Mantha	Ms. Prathibha Sastry	
1.	Directors Fee for attending board / committee meetings	330,000	150,000	280,000	170,000	330,000	1,260,000
2	Commission Others, please specify	-	-	-	-	-	-
	Total (B)	330,000	150,000	280,000	170,000	330,000	1,260,000
	Overall Ceiling as per the Act						NA
	Total Managerial Remuneration(A+B)						2,68,62,395

* Entitled for sitting fee consequent upon becoming Non- Executive Director of the Company w.e.f. June 28, 2019.

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

(Amt. in Rs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		N. Srivatsa Company Secretary	K.G. Prabhakar Chief Financial Officer (Up to June 27, 2018)	M N Varalakshmi Chief Financial Officer (From July 01, 2018 to Mar 31, 2019)
1	Gross salary (p.a.)	47,62,206	45,09,417	26,68,771
	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-		
	Value of perquisites u/s 17(2) Income-tax Act, 1961	-	9,900	
	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-		
2	Stock Option	-		
3	Sweat Equity	-		
4	Commission - as % of profit - others, specify…			
5	Others, (contribution to PF)	3,26,412	97,283	1,78,353
	Total	50,88,618	46,16,600	28,47,124

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Company/Directors/ Other Officers in Default	Sections 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 22, 2019

Mohib N. Khericha
Chairman

Nikhil Kumar
Managing Director

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

ANNEXURE - 2

FORM AOC - I

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

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

Part "A": Subsidiaries

Amount in Rs.Lakhs

Name of the Subsidiary	DF Power Systems Pvt. Ltd.	TD Power Systems (USA) Inc.	TD Power Systems Japan Ltd.	TD Power Systems Europe GmbH	TD Power Systems Jenerator Sanayi Anonim Sirketi
The date since when subsidiary was acquired/ Incorporated	22/09/2008	20/02/2013	19/03/2013	13/01/2016	21/06/2017
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA	NA	NA	NA	31st December*
*Reporting Currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	USD	JPY	EURO	Turkish Lira
Share Capital	600	481.78	122.44	414.12	159.35
Reserves and Surplus	(2,519)	(1,230.14)	(27.60)	(267.15)	(26.86)
Total Assets	884.18	1538.58	2200.45	3129.32	806.82
Total Liabilities	2,803.18	2,286.94	2,105.61	2,982.35	674.33
Investments	0	0	0	0	0
Turnover	15.20	3,138.30	1,933.04	2,966.32	406.67
Profit/(Loss) before taxation	(143)	(44.83)	(183.89)	34.50	0.76
Provision for taxation	0	0	1.13	0	0
Profit/(Loss) after taxation	(143)	(44.83)	(185.02)	34.50	0.76
Proposed Dividend	Nil	Nil	Nil	Nil	Nil
Extent of shareholding (in percentage)	100	100	100	100	100

** Consolidation has been done as of 31st March in line with holding company's reporting period.In respect of TD Power Systems Jenerator Sanayi Anonim Sirketi, the approval has been obtained for change in financial year. Accordingly financial year from fiscal 2020 onwards shall be from April 01 to March 31,*

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

Bangalore
May 22, 2019

Mohib N. Khericha
Chairman

Nikhil Kumar
Managing Director

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

ANNEXURE – 3

FORM AOC – 2

(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).

A. Details of contracts or arrangements or transactions not at arm's length basis-All the transactions made during the year ended were at arms length basis

B. Details of material contracts or arrangement or transactions at arm's length basis for the year ended March 31, 2019 as follows:

I.

a.	Name(s) of the related party and nature of relationship	TD Power Systems (USA) Inc. Wholly owned subsidiary	TD Power Systems Japan Ltd. Wholly owned subsidiary	TD Power Systems Europe GmbH Wholly owned subsidiaryi	TD Power Systems Jenerator Sanayi Anonim Sirket
b.	Nature of contracts/ arrangements/ transactions	Sale and purchase transactions	Sale and purchase transactions	Sale and purchase transactions	Sale and purchase transactions
c	.**Duration of the contracts arrangements /transactions	Rs.25,00,00,000	Rs.30,00,00,000	Rs.45,00,00,000	Rs.25,00,00,000
d.	Salient terms of the contracts or arrange-ments or transactions including the value, if any:	Payment terms: not exceeding 180 days Advance against PO- Back to back basis with subsidiary company terms. Advance /Performance guarantee- Back to back with subsidiary company terms.	Payment terms: not exceeding 180 days Advance against PO- Back to back basis with subsidiary company terms. Advance /Performance guarantee- Back to back with subsidiary company terms.	Payment terms: not exceeding 180 days Advance against PO- Back to back basis with subsidiary company terms. Advance /Performance guarantee- Back to back with subsidiary company terms.	Payment terms: not exceeding 180 days Advance against PO- Back to back basis with subsidiary company terms. Advance /Performance guarantee- Back to back with subsidiary company terms.
e.	Date(s) of approval by the Board, if any:	May 23, 2018	May 23, 2018	May 23, 2018	May 23, 2018
f.	Amount paid as advances, if any:	Nil	Nil	Nil	Nil

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

ii.

a.	Name(s) of the related party and nature of relationship	Ravindu Motors Private Limited	Trident Automobiles Private Limited Trident Auto Enterprises Private Limited Trident Auto Private Limited
b.	Nature of contracts/ arrangements/ transactions	Purchase, Sale and service of cars	Purchase, Sale and service of cars
c.	Duration of the contracts arrangements / transactions	from April 01, 2018 to March 31, 2019	from April 01, 2018 to March 31, 2019
d.	Salient terms of the contracts or arrangements or transactions including the value, if any:	Approved limit Rs.1,00,00,000/- (Transaction during Fiscal 2019 is Rs.3.51 Lakhs)	Approved limit Rs.75,00,000/- (Transaction during Fiscal 2019 is Rs.0.27 Lakhs)
e.	Date(s) of approval by the Board, if any:	May 23, 2018	May 23, 2018
f.	Amount paid as advances, if any:	As may be charged by Ravindu to its customers in general	As may be charged by Trident to its customers in general

For and on behalf of the Board of Directors

Bangalore	Mohib N. Khericha	Nikhil Kumar
May 22, 2019	Chairman	Managing Director

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	Based on TDPS Unit-2 LED Lights implementation experience, LED lights are introduced in Unit-1 also resulting in power consumption saving.
	Steps taken by the company for utilizing alternate sources of energy	Nil
	Capital investment on energy conservation Equipment	Nil
B	Technology Absorption	
1	Efforts made towards technology absorption	Major technology absorption activities have been initiated in the traction motor production line. -CNC turning center, HMC Machine and CNC VTL machine processes have been established and trials are being taken -Shot blasting, Painting and VPI plants suitable for traction motor production line.
2	Benefits derived like product improvement, cost reduction, product development or import substitution	Productivity Improvement: -Improvement in checking method of bell housing face out and run out from manual to semi-automated method resulted in cost saving -Improvement in dowelling of PMG from Manual to semi-automated -Improvement in coil insertion cable cutting process changed from Manual to semiautomatic resulted in cost saving. Movement and Waiting time reduction for pressure testing for each machine by 2 Hours Cell manufacturing system adopted for sub units leading to smooth flow in Final assembly Marking templates during assembly to improve the workmanship and quality of the product
3	In case of imported technology (imported during the last three years reckoned from the beginning of the FY),	Reduction in the subcontracting processes resulting in significant cost saving. Technology for manufacturing of wound stator and Cage rotor of traction motors including insulation technology & winding design as a part of the Technology transfer agreement.
	a. Technology Imported	
	b. Year of Import	2018-19
	c. Has technology been fully absorbed	Yes, Manufacturing only
	d. If not fully absorbed, areas where this has not taken place, reasons thereof	Not Applicable

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

	Expenditure incurred on Research and Development a. Capital b. Recurring (Revenue) c. Total d. Total R&D expenditure as a percentage of turnover	(Rs. in lakhs) Nil Rs.473.56 Rs.473.56 1.06%
C	Foreign Exchange Earnings and Outgo Earnings in foreign Exchange [Value of Exports on FOB basis] Export of goods calculated on FOB basis Royalty, Knowhow, professional and consultancy fees	 Rs.14,900 lakhs Rs.50.23 lakhs
	Total	Rs.14950.23 lakhs
	*Foreign Exchange outgo (Expenditure in foreign currency)	Rs.4,678.51 lakhs

**Excludes the expenses incurred at overseas branch office.*

For and on behalf of the Board of Directors

Bangalore
May 22, 2019

Mohib N. Khericha
Chairman

Nikhil Kumar
Managing Director

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

ANNEXURE – 5

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

i	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year	Name of the Director	Ratio to the Median
		Mr. Nikhil Kumar - Managing Director	38:1
ii	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.	Name of the Director	% Increase
		Mr. Nikhil Kumar - Managing Director	10%
		Mr. N Srivatsa - Company Secretary	4%
		Mrs. M N VaraLakhsmi - CFO (appointed on July 01, 2018)	7.60%
iii	The percentage increase in the median remuneration of employees in the financial year	Average 6 %	
iv	The number of permanent employees on the rolls of Company	598	
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 2018-19 was about 6%. The increase in managerial remuneration is higher than the said percentile increase.	
vi	Affirmation that the remuneration is as per the remuneration policy of the company	Yes	

The ratio of remuneration of median remuneration of employee is provided only for those directors, who have drawn remuneration from the Company for the full fiscal 2019.

For and on behalf of the Board of Directors

Bangalore
May 22, 2019

Mohib N. Khericha
Chairman

Nikhil Kumar
Managing Director

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

ANNEXURE – 6

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

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

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

Sl No	Name	Designation	Educational qualifications	Experience (in year)	Remuneration in fiscal 2018-19 (Rs. pa)	Previous employment and designating
1	Nikhil Kumar	Managing Director	Bachelor of Engineering	28 Yrs	Rs.20,985,795/-	Kirloskar Electric Company Limited
2	Srivatsa N	Company Secretary	FCS	37 Yrs	Rs.5088618/-	Kingfisher Airlines Limited
3	Prabhamani S	COO	M. Tech	35 Yrs	Rs.4362216/-	Kirloskar Electric Company Limited
4	Ramakrishna Varna	Head - SBU 2	BE, MBA	26 Yrs	Rs.3848187/-	Kirloskar Electric Company Limited
5	Vinay Hegde	Head – Marketing	BE	25 Yrs	Rs.3698991/-	Cummins Generator Technologies Limited
6	M N Varalakshmi	CFO	ICWA	26 Yrs	Rs.3565141/-	Kirloskar Electric Company Limited
7	Shekar CS	Head Projects - STG	BE	25 Yrs	Rs.3501992/-*	Encons Services Ltd
8	Ravishankar H R	Sr. Manager - ACG Service	BE	36 Yrs	Rs.3397664/-	DF Power Systems Private Limited
9	Srinivasa Murthy V	Chief- Projects Execution - STG	BE	24 Yrs	Rs.3257718/-*	Nizam Deccan Sugars Ltd
10	Vasudeva Murthy R	Head SBU 1	M.Com	29 Yrs	Rs.3250016/-	Kirloskar Electric Company Limited

* Inclusive of arrears for the year 2017-18

For and on behalf of the Board of Directors

Bangalore
May 22, 2019

Mohib N. Khericha
Chairman

Nikhil Kumar
Managing Director

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

ANNEXURE – 7

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

[Pursuant to Section 135 of the Companies Act, 2013 and other applicable rules thereof]

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
Mr. Ravi Kanth Mantha (Chairman)	Independent Director
Mr. K G Prabhakar[1]	Non-Executive Non Independent Director
Mr. Nikhil Kumar	Managing Director
Ms. Prathibha Sastry	Independent Director

[1] Appointed as member of the CSR Committee with effect from August 08, 2018.

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

   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) is the CSR project with a five year road map.

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

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

I. During the Fiscal 2019, the following activities were initiated and completed:
   1. An abandoned public convenience area was renovated.
   2. One school has identified to be developed as model with integrated water and sanitation facilities.
   3. Roofing & renovation of boys & girls toilet of a Government middle school was completed.
   4. Encroached land reclaimed.
   5. Restoration of Compound wall around school premises was completed.
   6. Levelling and preparation of Land earmarked for developing kitchen garden completed.
   7. More boulders cleared from Raja Kaluve has been placed in the public place to enhance aesthetics.
   8. Clearing debris from children's play area & creating an approach road between the Public Park and children play area.

II. Scaling up of the solid waste management (SWM) across the village:
   1. Scaling the program to 2 more wards initiated successfully.
   2. House-to house collection of trash operational. Study of house hold fee payment.
   3. Bringing financial sustainability in SWM function:
   4. Training and capacity building on SWM
   5. Training the trainers 21 leaders of local active SHGs have been trained in segregation of waste at household level and have extended their support in creating and retaining awareness in the community.
   6. Extensive IEC campaign sand street plays regarding solid waste management is being done with the help of student volunteers from MCC on an on going basis.
   7. Gram panchayat (GP) officials have been involved insetting up enforcement mechanisms. GP is assisting in collection of funds & the Collection percentage is gradually increasing.
   8. Dry waste centre developed in the last fiscal 2018 being maintained.

III. Development of Integrated Water and Sanitation Management system in Market place:

   A stakeholder meeting was conducted to identify issues related to development of market place for the re-settlement of displaced shopkeepers. This displacement was due to our campaign to remove an encroachment on the main drain passing through the village. We are able to get the land records traced for the development of the marketplace. Plan for re-modelling of market place has been prepared to reduce waste going to dump yard.

   Rs.15 Lakhs sanctioned under APMC will be used for developing the fence around this market place.

IV. Ongoing Ripple effects due to our CSR initiative:
   1. Drain desilting works has been taken up extensively in the entire village by Gram panchayat funds
   2. Clearing up of drains in the village with GP funds and
   3. Unearthing of land records in market place

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

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

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

   The average net profit of the Company for the last three financial years is Rs.1157.73 Lakhs.

4. Prescribed CSR expenditure (two per cent of the amount as in item 3 above): Rs.23.15 Lakhs (2% of Rs.1157.73 Lakhs)

5. Details of CSR spent during the financial year.

   a. Total amount was required to spend for the financial year: Rs.23.15 Lakhs and the Company has spent Rs.30 Lakhs.

   b. Amount unspent, if any: Nil

   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	23.15	30	208.77	Implementing Agency
2	Akshaya Patra	Eradication of hunger and malnutrition (i) of Schedule VII	Bangalore City	-	3.00	3.00	Direct

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

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

For and on behalf of the Board of Directors

Bangalore
May 22, 2019

Nikhil Kumar
Managing Director

Ravi Kanth Mantha
Chairperson-CSR Committee

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

ANNEXURE - 8

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2019

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

To,
The Members,
TD Power Systems Limited
Regd. Office: # 27, 28 & 29,
KIADB Industrial Area Dabaspet,
Nelamangala Taluk, Bangalore-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 conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, 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, 2019, 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, 2019 according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI'):

   (a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

   (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   (d) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

   (e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (No instances for compliance requirements during the year);

   (f) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, (No instances for compliance requirements during the year);

   (g) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, (No instances for compliance requirements during the year);

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

(h) 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; and

(i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, (No instances for compliance requirements during the year);

(j) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018

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.

Majority decisions were carried through while there were no dissenting views required to be recorded as part of 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 following 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:

1. Pursuant to the provisions of the Companies Act, 2013 and Rules made thereunder, Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 and also the Articles of Association of the Company, the board of directors at its meeting held on September 26, 2018 passed the resolution for buy back of equity shares of the Company for the total consideration amount not exceeding Rs.30 crores (maximum buy back shares) being 6.16% to 6.37% of the total paid up capital and free reserves of the Company based on the latest audited standalone and consolidated financial statements of the Company, respectively, as at March 31, 2018 for a price not exceeding Rs.256 per equity share (maximum buy back price) from the shareholders of the Company, payable in cash from the open market through stock exchanges (BSE and NSE) The said buy back was opened on October 10, 2018 and closed on April 5, 2019. During this period the Company has bought back in total 23,04,174 equity shares through stock exchanges and upon extinguishment of shares bought back, the paid-up capital of the Company stands at Rs.30,93,34,140.

Sudhir Vishnupant Kulyalkar
Company Secretary in Practice
FCS 6040 CP 6137

Bangalore
May 22, 2019

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

ANNEXURE – 9

MANAGEMENT DISCUSSION AND ANALYSIS

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

The manufacturing order inflow in Fiscal 2019 was Rs.47,439 Lakhs as compared to Rs.1,14,178 Lakhs in Fiscal 2018 (including Rs.7,495 Lakhs from railway business). An increase of 21% excluding railway business Order Inflow from direct and deemed exports is Rs.29500 Lakhs in Fiscal 2019, compared to Rs.23,900 Lakhs in Fiscal 2018, increase of 23%. Domestic order inflow has increased to Rs.17,900 Lakhs from Rs.15000 Lakhs. Domestic orders & Export orders contributed in equal measure to the Orders inflow in Fiscal 2019 but exports including deemed exports) was higher than Domestic orders in Fiscal 2019. This reflects that the Domestic market is showing signs of revival while our focus on Exports remains steadfast.

As of March 31, 2019 (Fiscal 2019) 4150 generators have been supplied to over 95 countries. Majority of the Installations are in Asia & Middle East followed by Europe and the America.

During Fiscal 2019, we added new customers in all applications- Steam (Brazil, Spain), Gas(USA), Hydro(Norway, Turkey, Italy), Diesel (Norway), Gas (Finland) & in Marine (Japan). As a part of increasing our enlistment as preferred vendor, we have undergone audits by OEMS for supply of diesel engine generators for Defence application & nuclear application.

Steam, Hydro and Gas application generators continued to contribute significantly to the revenue for Fiscal 2019. The growth in the hydro generators segment continued in Fiscal 2019 over Fiscal 2018. In fiscal 2019, growth in the Gas segment was twice the order book of Fiscal 2018. Top 10 customers contributing to 78% of Fiscal 2019 revenues.

During the Fiscal 2019, we delivered 2 generators locally made in Turkey through our Turkey Subsidiary. We are surely finding a foothold in this Turkey market and have orders on hand for both Hydro & Geothermal applications to be delivered in fiscal 2020.

Details relating to the pending order, manufacturing, project sales, profitability and performance of the overseas subsidiaries have been stated in the Directors report.

Outlook

We are see clearly seeing the continuation of strong order inflow and this trend confirms that FY20 will be the best year for TDPS in terms of top line sales. The order inflow has been strong in all segments, and signs of domestic revival are getting more entrenched. We see strong domestic business this year in steel and cement. In general we see a big revival in the captive power plant business in India driven by capex investments particularly in steel, cement industries. We see a steady improvement in waste to energy and there is an expectation that there will be a big investment in ethanol power plants. On exports the segments that are doing really well are steam and hydro. Particularly in Hydro we see the largest sales ever driven by business in Norway as well as with our long term turbine partner. In Steam we have successfully delivered 4 numbers of 45MW + machines to the Western European market and this has opened up the market for us in a big way in waste to energy sector. We will see increase in gas engine business this year as our long time customer has recovered market share. We are also making steady inroads into the gas turbine market particularly in the US for shale gas drilling. We added a new engine customer this year and are on track to deliver 5 units. We will add 2 new engine customers this year but the real volumes will take some time to pick up with these new customer additions. On the Railway business, deliveries are on track with 4500 Lakhs this Fiscal 2020 and Rs.10,000 Lakhs next Fiscal 2021. Our subsidiary, TDPS Turkey has delivered two generators already and will deliver a 26 MW generator in this month, which will be the largest generator ever produced in Turkey. In this Fiscal, we see around 6 machines with a sales of 2.5 Million Euro and next year could be significantly higher than this number given the indications from the market.

Price revisions wherever possible will continue to be pursued. In addition our push for cost reductions is ongoing which is expected to yield significant benefit in fiscal 2020.

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 2020. We also continue to focus on building our existing portfolio of generators for other applications. The Company continues to remain debt free & maintains a healthy cash position.

We are confident of achieving sustainable growth, considering improvement in the domestic market, results of our overseas efforts, our diversified portfolio of applications and world class manufacturing facility. Considering the domestic market revival, sustained growth in exports, other cost factors & reasonable growth in margins, it is expected that Fiscal 2020 will be one of the better years for TDPS.

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.

While the domestic market is growing strongly, our focus on exports and ongoing association with leading global leaders will continue enabling the Company to sustain and grow the overseas markets. This will also help the Company in mitigating risk arising out of dependence on either domestic or overseas markets.

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

Economic slowdown and market concentration

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

Technology and Product concentration

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

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

Technology Risk

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

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

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

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

Competition Risk

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

With a view to mitigate this risk, the Company continues to provides value proposition to customer with products which meet the benchmark efficiencies at a competitive price and shorter delivery time. The Company continues to upgrade it's engineers to order platform and design capabilities by incorporating latest technologies in its products and improvements in the design of generators enabling it to offer more efficient machines. Reduction in production, distribution costs and improvement in operating efficiencies are continuously pursued enabling it to offer competitive prices. The Company prioritizes its supply chain in sourcing good quality raw materials and other inputs at competitive prices with high reliability in meeting delivery timelines.

Risk arising from transnational sale of products

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

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

Manufacturing facilities, Design & Development

We have 2 manufacturing units, all located at Bangalore equipped with advanced automation/ machines which help in delivering quality products at competitive prices. One of the facilities is a dedicated large generator manufacturing unit with state of the art machines and equipment. Both the manufacturing units are ISO 9001:2015 compliant.

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

The Company's environmental, occupational health and safety management systems fulfill ISO 14001-2015 and ISO 45001-2018 for OH&S Management system.

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.

Human Resources

Continuous skill development and enhancement is important for the Company with its focus on export markets. The Company recognizes that its workforce is critical to the Company's success and therefore, is committed to training, skilling and up skilling it/s work force on an ongoing basis which ensures that its work force is able to adopt evolving technologies, processes and techniques. The Company's leadership engages affirmatively in employee development and engagement activities such as involvement in the 'Corporate Responsibility' initiatives, active participation of work force in safety initiatives, quality improvement programs, language skills, leadership development programs, training programs and training under license agreements, on an ongoing basis. During the year, about 53 mans hours per employee was dedicated for training. Employee relations continue to remain peaceful and cordial. As on March 31, 2019, the total strength of employees stood at 796.

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 shopfloor employees of the company have invested significant amount of time and effort.

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MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

Financial Review

Consolidated basis:

The results of operations as of and for the years ended March 31, 2019 and 2018 on a consolidated basis is as follows:

Particulars	Fiscal 2019		Fiscal 2018	
	(Rs.in Lakhs)	% of Total Income	(Rs.in Lakhs)	% of Total Income
Income:				
Sales	45,902.20		43,776.92	
Less: Excise duty on sale of goods	-		288.98	
Net Sales	45,902.20	98.04	43,487.94	96.48
Other Income	915.90	1.96	1,588.01	3.52
Total Income	46,818.10	100.00	45,075.95	100.00
Expenditure:				
Consumption of Raw Material, Stores, Spare parts and Components	27,349.71	58.42	27,860.23	61.81
Purchases for Project Business	4,609.70	9.85	3,158.31	7.01
Operating and Other Expenses	11,226.54	23.98	11,632.95	25.81
Interest and Finance Charges	284.29	0.61	665.56	1.47
Depreciation Amortization of Technical Knowhow	2,598.97	5.55	2,711.29	6.01
Total Expenditure	46,069.21	98.40	46,028.34	102.11
Profit Before Tax	748.89	1.60	(952.39)	(2.11)
Provision for Taxation	601.13	-	676.11	-
Deferred Tax	(172.09)	-	(186.06)	-
Profit/(Loss) After Tax	319.85	-	(1,442.44)	-
Other Comprehensive Income				
Exchange difference on translation of foreign operations	(15.76)	-	19.75	-
Re-measurement of defined benefit plans	(21.35)	-	15.70	-
Deferred tax on the above	7.47	-	(5.48)	-
Total	(29.64)	-	29.97	-
Total Comprehensive Income	290.21		(1,412.47)	

Fiscal 2019 compared to Fiscal 2018

Income

Total income increased by Rs.1,742.15 Lakhs, or 3.86%, to Rs.46,818.10 Lakhs in Fiscal 2019 from Rs.45,075.95 Lakhs in Fiscal 2018, due to increase in sales volume of Manufacturing Business.

Net sales

Net sales increased by Rs.2,414.26 Lakhs, or 5.55%, to Rs.45,902.20 Lakhs in Fiscal 2019 from Rs.43,487.94 Lakhs in Fiscal 2018, mainly due to increased sales volume of Manufacturing Business.

Net sales from our manufacturing business increased by Rs.2,253.45 Lakhs, or 6.03%, to Rs.39,627.11 Lakhs in Fiscal 2019 from Rs.37,373.66 Lakhs in Fiscal 2018. Net sales of our manufacturing business contributed 84.64% and 82.91% of our Total Income in Fiscal 2019 and 2018, respectively.

Net sales from our Project Business increased by Rs.160.81 Lakhs, or 2.63%, to Rs.6,275.09 Lakhs in Fiscal 2019 from Rs.6,114.28 Lakhs in Fiscal 2018. Net sales of our Project Business contributed 13.40% and 13.56% of our Total Income in Fiscal 2019 and 2018, respectively.

Expressed as a percentage of total income, net sales increased to 98.04% in Fiscal 2019 from 96.48% in Fiscal 2018.

Other income

Other income contributed 1.96% and 3.52% of our total income in Fiscal 2019 and 2018, respectively.

Other income decreased by Rs.672.11 Lakhs, or 42.32%, to Rs.915.90 Lakhs in Fiscal 2019 from Rs.1,588.01 Lakhs in Fiscal 2018.

Interest from deposits decreased by Rs.183.31 Lakhs, or 18.55%, to Rs.804.84 Lakhs in Fiscal 2019 from Rs.988.15 Lakhs in Fiscal 2018 due to reduction in deposits on account of buyback of shares and temporary deployment of funds for working capital.

Foreign exchange gain decreased by Rs.405.63 Lakhs, to Rs.9.41 Lakhs in Fiscal 2019 from Rs.415.04 Lakhs in Fiscal 2018 due to volatility in foreign currency.

Expenditure

Total expenditure remained flat, an increase of Rs.40.87 Lakhs, or 0.09%, to Rs.46,069.21 Lakhs in Fiscal 2019 from Rs.46,028.34 Lakhs in Fiscal 2018.

Consumption of raw material, stores, spare parts and components

Consumption of raw material, stores, spare parts and components expenses decreased by Rs.510.52 Lakhs, or 1.83% to Rs.27,349.71 Lakhs in Fiscal 2019 from Rs.27,860.23 Lakhs in Fiscal 2018, primarily due to cost reduction actions initiated in the current fiscal and last quarter of previous fiscal, thereby improving the gross margins. Expressed as a percentage of total income, a raw material consumed expense contributes 58.42% in Fiscal 2019 from 61.81% in Fiscal 2018.

Purchases for Project Business

Our purchases for Project Business including Japan Subsidiary increased by Rs.1,451.39 Lakhs, or 45.95%, to Rs.4,609.70 Lakhs in Fiscal 2019 from Rs.3,158.31 Lakhs in Fiscal 2018. Expressed as a percentage of total income, purchase for project business contributes 9.85% in Fiscal 2019 from 7.01% in Fiscal 2018.

Operating and other expenses

Our operating and other expenses decreased by Rs.406.41 Lakhs, or 3.49%, to Rs.11,226.54 Lakhs in Fiscal 2019 from Rs.11,632.95 Lakhs in Fiscal 2018.

Power and fuel expenses increased by Rs.31.42 Lakhs, or 4.95%, to Rs.666.16 Lakhs in Fiscal 2019 from Rs.634.74 Lakhs in Fiscal 2018 on account of increased volumes in manufacturing segment.

Personnel expenses through salaries, wages and bonuses increased by Rs.55.60, or 1.03%, to Rs.5,432.09 Lakhs in Fiscal 2019 from Rs.5,376.48 Lakhs in Fiscal 2018 due to increase in salaries of staff and workmen.

Welfare expenses decreased by Rs.245.06 Lakhs, or 21.03%, to Rs.919.96 Lakhs in Fiscal 2019 from Rs.1,165.03 Lakhs in Fiscal 2018.

Rent charges decreased by Rs.9.34 Lakhs, or 13.83%, to Rs.58.19 Lakhs in Fiscal 2019 from Rs.67.53 Lakhs in Fiscal 2018. on account of closure of lease agreements.

Repair expenses decreased by Rs.32.62 Lakhs, or 11.18%, to Rs.259.16 Lakhs in Fiscal 2019 from Rs.291.78 Lakhs in Fiscal 2018.

Carriage, frieght and Selling expenses increased by Rs.238.24 Lakhs, or 26.74%, to Rs.1,129.32 Lakhs in Fiscal 2019 from Rs.891.08 Lakhs in Fiscal 2018, on account of increased manufacturing business volumes.

Vehicle Maintenance expenses decreased by Rs.7.51 Lakhs, or 12.02%, to Rs.54.95 Lakhs in Fiscal 2019 from Rs.62.46 Lakhs in Fiscal 2018.

Insurance expenses decreased by Rs.23.95 Lakhs, or 28.57%, to Rs.59.87 Lakhs in Fiscal 2019 from Rs.83.82 Lakhs in Fiscal 2018.

Printing and Stationary expenses decreased by Rs.20.54 Lakhs, or 34.76%, to Rs.38.55 Lakhs in Fiscal 2019 from Rs.59.09 Lakhs in Fiscal 2018.

Travelling expenses decreased by Rs.156.06 Lakhs, or 12.85%, to Rs.1,058.39 Lakhs in Fiscal 2019 from Rs.1,214.45 Lakhs in Fiscal 2018.

Postage & Telephone charges decreased by Rs.17.74 Lakhs, or 21.62%, to Rs.64.31 Lakhs in Fiscal 2019 from Rs.82.05 Lakhs in Fiscal 2018.

Audit Fee increased by Rs.3.50 Lakhs, or 17.95%, to Rs.23.00 Lakhs in Fiscal 2019 from Rs.19.50 Lakhs in Fiscal 2018.

Consultancy and Professional charges including contribution to corporate social responsibility decreased by Rs.105.01 Lakhs, or 22.41%, to Rs.363.58 Lakhs in Fiscal 2019 from Rs.468.59 Lakhs in Fiscal 2018 due to reduction in one time consultancy service.

Bank charges increased by Rs.79.30 Lakhs, or 37.63% to Rs.290.03 Lakhs in Fiscal 2019 from Rs.210.73 Lakhs in Fiscal 2018.

Royalty charges decrease by Rs.24.03 Lakhs, or 79.28%, to Rs.6.28 Lakhs in Fiscal 2019 from Rs.30.31 Lakhs in Fiscal 2018 due to decrease in sale of product under license agreement.

Direction charges including other expenses decreased by Rs.126.76 Lakhs, or 25.62%, to Rs.368.03 Lakhs in Fiscal 2019 from Rs.494.79 Lakhs in Fiscal 2018, due to retirement of a

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

director and Fiscal 2018 direction charges includes payment of arrears which was approved in shareholder's meeting.

Manufacturing expenses increase by Rs.24.59 Lakhs, or 20.89%, to Rs.142.32 Lakhs in Fiscal 2019 from Rs.117.73 Lakhs in Fiscal 2018.

Rates and taxes decrease by Rs.14.50, or 15.61% to Rs.78.38 Lakhs in Fiscal 2019 from Rs.92.88 Lakhs in Fiscal 2018.

Software expenses decreased by Rs.60.46 or 30.07% to Rs.140.06 Lakhs in Fiscal 2019 from Rs.201.06 Lakhs in Fiscal 2018.

Expressed as a percentage of total income, operating and other expenses is 23.98% in Fiscal 2019 when compared to 25.81% in Fiscal 2018.

Interest and finance charges

Our interest and finance charges decreased by Rs.381.27 Lakhs, or 57.29%, to Rs.284.29 Lakhs in Fiscal 2019 from Rs.665.56 Lakhs in Fiscal 2018, due to replacement of INR working capital loan with FCNR loan and due to favorable exchange rate.

Depreciation and amortization of technical know-how

Our depreciation and amortization of technical know-how expense decreased by Rs.112.32 Lakhs, or 4.14%, to Rs.2,598.97 Lakhs in Fiscal 2019 from Rs.2,711.29 Lakhs in Fiscal 2018.

Profit/(loss) before tax:

Profit before tax increased by Rs.1,701.28 Lakhs, or 178.63%, to Rs.748.89 Lakhs in Fiscal 2019 from loss of Rs.952.39 Lakhs in Fiscal 2018.

Taxation:

Our tax expense decreased by Rs.61.01 Lakhs, or 12.45%, to Rs.429.04 Lakhs in Fiscal 2019 from Rs.490.05 Lakhs in Fiscal 2018.

Profit/(loss) after tax:

Consequently, our profit after tax increased by Rs.1,762.29 Lakhs, to Rs.319.85 Lakhs in Fiscal 2019 from loss of Rs.1,442.44 Lakhs in Fiscal 2018.

The consolidated net worth stands at Rs.41,552.76 Lakhs decrease of Rs.3,388 Lakhs over Fiscal 2018.

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MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

Stand-alone basis

The results of operations as of and for the years ended March 31, 2019 and 2018 on a standalone basis is as follows:

Particulars	Fiscal 2019		Fiscal 2018	
	(Rs.in Lakhs)	% of Total Income	(Rs.in Lakhs)	% of Total Income
Income:				
Sales	44,508.69		43,532.58	
Less: Excise duty on sale of goods	-		288.98	
Net Sales	44,508.69	97.63	43,243.60	96.34
Other Income	1,081.97	2.37	1,640.59	3.66
Total Income	45,590.66	100.00	44,884.19	100.00
Expenditure:				
Consumption of Raw Material, Stores, Spare parts and Components	28,454.40	62.41	27,909.02	62.18
Purchases for Project Business	2,773.73	6.08	3,158.31	7.04
Operating and Other Expenses	10,352.31	22.71	10,951.73	24.40
Interest and Finance Charges	284.29	0.62	662.13	1.48
Depreciation and Amortization of Technical Knowhow	2,591.10	5.68	2,705.54	6.03
Total Expenditure	44,455.83	97.51	45,386.73	101.12
Profit Before Tax and Exceptional Items	1,134.83	-	(502.54)	-
Exceptional Items	-	-	(2,213.98)	-
Profit Before Tax	1,134.83	-	1,711.44	-
Provision for Taxation	600.00	-	675.00	-
Deferred Tax	(172.09)	-	(202.84)	-
Profit/(Loss) After Tax	706.92	-	1,239.28	-
Other Comprehensive Income	-	-	-	-
Exchange difference on translation of foreign operations	3.88	-	-	-
Re-measurement of defined benefit plan	(21.35)	-	15.70	-
Deferred tax on the above	7.47	-	(5.48)	-
Total	(10.00)	-	10.22	-
Total Comprehensive Income	696.92	-	1,249.50	-

Fiscal 2019 compared to Fiscal 2018

Income

Total income increased by Rs.706.47 Lakhs, or 1.57%, to Rs.45,590.66 Lakhs in Fiscal 2019 from Rs.44,884.19 Lakhs in Fiscal 2018, due to increase in sales volume of Manufacturing Business.

Net sales

Net sales increased by Rs.1,265.09 Lakhs, or 2.93%, to Rs.44,508.69 Lakhs in Fiscal 2019 from Rs.43,243.60 Lakhs in Fiscal 2018, mainly due to increased sales volume of Manufacturing Business.

Net sales from our manufacturing business increased by Rs.3,036.88 Lakhs, or 8.18%, to Rs.40,166.20 Lakhs in Fiscal 2019 from Rs.37,129.32 Lakhs in Fiscal 2018. Net sales of our manufacturing business contributed 88.10% and 82.72% of our Total Income in Fiscal 2019 and 2018, respectively.

Net sales from our Project Business decreased by Rs.1,771.79 Lakhs, or 28.98%, to Rs.4,342.49 Lakhs in Fiscal 2019 from Rs.6,114.28 Lakhs in Fiscal 2018. Net sales of our Project Business contributed 9.52% and 13.62% of our Total Income in Fiscal 2019 and 2018, respectively

Expressed as a percentage of total income, net sales increased to 97.63% in Fiscal 2019 versus 96.34% in Fiscal 2018.

Other income

Other income contributed 2.37% and 3.66% of our total income in Fiscal 2019 and 2018, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

Other income decreased by Rs.558.62 Lakhs, or 34.05%, to Rs.1,081.97 Lakhs in Fiscal 2019 from Rs.1,640.59 Lakhs in Fiscal 2018.

Interest from deposits decreased by Rs.160.24 Lakhs, or 16.72%, to Rs.798.27 Lakhs in Fiscal 2019 from Rs.958.51 Lakhs in Fiscal 2018 due to reduction in deposits on account of buyback of shares and temporary deployment of funds for working capital.

Foreign exchange gain decreased by Rs.412.76 Lakhs, to Rs.134.21 Lakhs in Fiscal 2019 from Rs.546.97 Lakhs in Fiscal 2018 due to volatility in foreign currency.

Expenditure

Total expenditure decreased by Rs.930.90 Lakhs, or 2.05%, to Rs.44,455.83 Lakhs in Fiscal 2019 from Rs.45,386.73 Lakhs in Fiscal 2018.

Consumption of raw material, stores, spares part and components

Consumption of raw material, stores, spare parts and components expenses increased by Rs.545.38 Lakhs, or 1.95% to Rs.28,454.40 Lakhs in Fiscal 2019 from Rs.27,909.02 Lakhs in Fiscal 2018, primarily due to increased sales volume. Expressed as a percentage of total income, a raw material consumed expense contributes to 62.41 % in Fiscal 2019 from 62.18% in Fiscal 2018.

Purchases for Project Business

Our purchases for Project Business decreased by Rs.384.58 Lakhs, or 12.18%, to Rs.2,773.73 Lakhs in Fiscal 2019 from Rs.3,158.31 Lakhs in Fiscal 2018, due to decreased business volume. Expressed as a percentage of total income, purchases for Project Business contributes to 6.08% in Fiscal 2019 from 7.04% in Fiscal 2018.

Operating and other expenses

Our operating and other expenses decreased by Rs.599.42 Lakhs, or 5.47%, to Rs.10,352.31 Lakhs in Fiscal 2019 from Rs.10,951.73 Lakhs in Fiscal 2018. Expressed as a percentage of total income, operating and other expenses is 22.71% in Fiscal 2019 when compared to 24.40% in Fiscal 2018.

Power and fuel expenses increased by Rs.31.42 Lakhs, or 4.95%, to Rs.666.16 Lakhs in Fiscal 2019 from Rs.634.74 Lakhs in Fiscal 2018 on account of increased volumes in manufacturing segment.

Personnel expenses through salaries, wages and bonuses decreased by Rs.113.54 Lakhs, or 2.27%, to Rs.4,879.50 Lakhs in Fiscal 2019 from Rs.4,993.04 Lakhs in Fiscal 2018 .

Welfare expenses decreased by Rs.271.14 Lakhs, or 23.78%, to Rs.869.14 Lakhs in Fiscal 2019 from Rs.1,140.28 Lakhs in Fiscal 2018.

Rent charges decreased by Rs.15.71 Lakhs, or 33.56%, to Rs.31.10 Lakhs in Fiscal 2019 from Rs.46.81 Lakhs in Fiscal 2018 on account of closure of lease agreements.

Repair expenses decreased by Rs.5.02 Lakhs, or 1.92%, to Rs.256.96 Lakhs in Fiscal 2019 from Rs.261.98 Lakhs in Fiscal 2018.

Carriage, freight and Selling expenses increased by Rs.213.98 Lakhs, or 23.39%, to Rs.1,128.85 Lakhs in Fiscal 2019 from Rs.914.87 Lakhs in Fiscal 2018, on account of increased manufacturing business volumes.

Vehicle Maintenance expenses decreased by Rs.4.02 Lakhs, or 8.23%, to Rs.44.81 Lakhs in Fiscal 2019 from Rs.48.83 Lakhs in Fiscal 2018.

Insurance expenses decreased by Rs.16.75 Lakhs, or 27.27%, to Rs.44.67 Lakhs in Fiscal 2019 from Rs.61.42 Lakhs in Fiscal 2018.

Printing & Stationary expenses decreased by Rs.20.98 Lakhs, or 36.32%, to Rs.36.78 Lakhs in Fiscal 2019 from Rs.57.76 Lakhs in Fiscal 2018.

Travelling expenses decreased by Rs.135.51 Lakhs, or 11.67%, to Rs.1,025.45 Lakhs in Fiscal 2019 from Rs.1,160.96 Lakhs in Fiscal 2018.

Postage & Telephone charges decreased by Rs.17.15 Lakhs, or 23.79%, to Rs.54.94 Lakhs in Fiscal 2019 from Rs.72.09 Lakhs in Fiscal 2018.

Audit Fee decreased by Rs.3.50 Lakhs, or 20.29%, to Rs.20.75 Lakhs in Fiscal 2019 from Rs.17.25 Lakhs in Fiscal 2018.

Consultancy & Professional charges including amount spent on corporate social responsibility activities are decreased by Rs.114.15 Lakhs, or 29.97%, to Rs.266.75 Lakhs in Fiscal 2019 from Rs.380.90 Lakhs in Fiscal 2018 due to reduction in one time consultancy service.

Bank charges increased by Rs.75.98 Lakhs, or 37.41% to Rs.279.08 Lakhs in Fiscal 2019 from Rs.203.10 Lakhs in Fiscal 2018.

Royalty charges decreased by Rs.24.03 Lakhs, or 79.28%, to Rs.6.28 Lakhs in Fiscal 2019 from Rs.30.31 Lakhs in Fiscal 2018 due to lower sale of product under license agreement.

Direction charges including other expenses decreased by Rs.131.59 Lakhs, or 26.89%, to Rs.366.03 Lakhs in Fiscal 2019 from Rs.489.44 Lakhs in Fiscal 2018 due to retirement of a director and Fiscal 2018 direction charges includes payment of arrears which was approved in shareholder's meeting.

Manufacturing expenses decreased by Rs.1.31 Lakhs, or 1.11%, to Rs.116.42 Lakhs in Fiscal 2019 from Rs.117.73 Lakhs in Fiscal 2018.

Software expenses decreased by Rs.60.46 Lakhs, or 30.07%, to Rs.140.60 Lakhs in Fiscal 2019 from Rs.201.06 Lakhs in Fiscal 2018.

Rates and taxes increased by Rs.15.61 Lakhs, or 19.32%, to Rs.65.20 Lakhs in Fiscal 2019 from Rs.80.81 Lakhs in Fiscal 2018.

Interest and finance charges

Our interest and finance charges decreased by Rs.377.84 Lakhs, or 57.06%, to Rs.284.29 Lakhs in Fiscal 2019 from Rs.662.13 Lakhs in Fiscal 2018, due to replacement of INR working capital loan with FCNR loan.

Depreciation and amortization of technical know-how

Our depreciation and amortization of technical know-how expense decreased by Rs.114.44 Lakhs, or 4.23%, to Rs.2,591.10 Lakhs in Fiscal 2019 from Rs.2,705.54 Lakhs in Fiscal 2018.

Profit/(loss) before tax and exceptional items

Profit before tax and exceptional items increased by Rs.1,637.37 Lakhs, or 325.82%, to Rs.1,134.83 Lakhs in Fiscal 2019 from loss of Rs.502.53 Lakhs in Fiscal 2018.

Taxation

Our tax expense including deferred tax decreased by Rs.44.25 Lakhs, or 9.37%, to Rs.427.91 Lakhs in Fiscal 2019 from Rs.472.16 Lakhs in Fiscal 2018.

Profit / (loss) after tax

Our profit after tax decreased by Rs.532.36 Lakhs to Rs.706.92 Lakhs in Fiscal 2019 from Rs.1,239.28 Lakhs in Fiscal 2018.

There is no significant changes (i.e. change of 25% or more as compared to fiscal 2018) in key financial ratios as prescribed under Schedule V of SEBI LODR 2015.

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 Board of Directors
CIN No. L31103KA1999PLC025071

Mohib N Khericha
Chairman
DIN: 00010365

Nikhil Kumar
Managing Director
DIN:00062243

Place : Bangalore
Date : 22nd May 2019

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CORPORATE GOVERNANCE REPORT

ANNEXURE - 10

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 2019 forms part of this Annual Report.

I. Board of Directors and Procedures

The composition of the Board of Directors as on March 31, 2019 comprised of six directors consisting of a Non-Executive Chairman, a Managing Director ("MD"), a Non-Executive Non-Independent Director and three Independent Directors including a Women Director. The positions of the Chairman of the Board and the Managing Director (Chief Executive Officer) of the Company are held by separate individuals. The Chairman of the Board is a Non-Executive Non-Independent Director and one of the Promoters.

A. Composition & Category of Directors, Attendance at Board Meetings & Annual General Meeting, Membership of other Boards/Committees as of March 31, 2019:

Name	Category	Board Meeting entitled or held during the tenure	Board meetings attended during the tenure	Attendance at Last AGM	Directorship in other companies including public & private*	Chairmanship/ Committee membership of other Companies	
						Chairman	Member
Mr. Mohib N. Khericha	Non-Executive Chairman	5	5	Yes	14	3	5
Mr. Nikhil Kumar	Managing Director	5	5	Yes	3	Nil	Nil
Mr. Nithin Bagamane	Independent Director	5	4	No	5	Nil	Nil
Mr. Ravi Kanth Mantha	Independent Director	5	3	Yes	6	Nil	Nil
Ms. Prathibha Sastry	Independent Director	5	5	Yes	Nil	Nil	Nil
Mr.K G Prabhakar**	Non-Executive Non Independent Director	5	4	Yes	1	Nil	Nil*

**Mr. Mohib N Khericha holds directorship (apart from the Company) in six public companies and eight private companies.*

** Mr. Nikhil Kumar holds directorship (apart from the Company) in one public Company and two private companies.*

** Mr. Nithin Bagamane holds directorship (apart from the Company) in one public Company and four private companies.*

** Mr. Ravi Kanth Mantha holds directorship (apart from the Company) in one public Company and five private companies.*

*** Designation of Mr. K G Prabhakar has been changed from whole time director to Non-Executive and Non-Independent Director of the Company w.e.f. June 28, 2018.*

Notes:

1. As required under Regulation 26 of the LODR, disclosure considers chairpersonship (in Listed Companies) and membership of the Audit Committee and the Stakeholders' Relationship Committee of Public Limited companies.
2. Number of Directorship held in other Companies includes Private Limited Companies and public (listed/unlisted) Limited Companies and excludes Foreign Companies and Companies under Section 8 of the Companies Act, 2013 ("The Act") in which he/she is a Director.
3. The necessary disclosures regarding change in Committee positions, if any, have been made by all the Directors, during the year under review. None of the Director is a Member of more than 10 Committees or Chairman of more than 5 Committees across all Indian Listed public limited Companies in which he/she is a Director.

4. None of the Directors had any relationship inter-se.
5. Mr. Mohib N. Khericha and Mr. K G Prabhakar being Non-Executive Director holds 37,30,960 and 4,500 Equity Shares respectively.
6. The Company has proper systems to enable the Board to periodically review compliance reports of all laws applicable to the Company, as prepared by the Company.
7. None of the Non-executive Directors held convertible instruments of the Company during the financial year ended 31st March 2019.

A(I). Details of directorship of Board Member in other listed entities:

Sl. No.	Particulars	Name of other listed entity	Category
1	Mr. Mohib N. Khericha	Chartered Capital and Investment Limited	Managing Director
		Mazda Limited	Non- Executive Independent Director
		Photoquip (India) Ltd	Non- Executive Independent Director

Note: Except above, none of the director of TDPS holds directorship in any other listed entity as of March 31, 2019.

B. Board Meetings

The Board meets at least once in a quarter to review the quarterly results and other items on the agenda. During the year, the Board met five times on May 23, 2018, August 08, 2018, September 26, 2018, October 30, 2018 and January 31, 2019. 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 meetings or placed at the meetings, 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 – Not applicable.
- Safety issues - fatal or serious accidents in the plants, dangerous occurrences, any material effluent or pollution problems – Not applicable.
- 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 – Not applicable.
- Matters relating to related party transactions & statutory compliance.
- Minutes of meeting of the Board of Directors, financial statements and significant transactions relating to wholly owned subsidiaries.

C. Code of Conduct

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

D. Disclosure regarding Appointment or Reappointment of a Director

<u>D (i) Mohib N Khericha (DIN: 00010365)</u>

At the ensuing Annual General Meeting of the Company Mr. Mohib N Khericha (DIN: 00010365) retires by rotation and being eligible offers himself for reappointment.

Mr. Mohib N Khericha, aged 67 years, is a Chartered Accountant by qualification. He is 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 11.98% of paid up capital. He has

CORPORATE GOVERNANCE REPORT (CONTD.)

attended all five board meetings of the Company held during 2018-19.

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 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 January 31, 2019 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 re-appointment to its Independent Directors appointed at the Annual General Meeting ("AGM") held on September 26, 2018, and the terms and conditions of said Letter are published on the website of the Company www.tdps.co.in.
6. Mr. Nithin Bagamane & Mr. Ravi Kanth Mantha have been re-appointmented as Independent Directors of the Company w.e.f. April 01, 2019 to March 31, 2024.
7. In the opinion of the Board, the independent directors of the Company fulfilled the conditions specified under SEBI LODR 2015 and also they were independent towards any decision of the management.

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

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

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

   On an annual basis, the Company shall brief its Directors inter alia about the Company's business model, shareholder profile, financial details, their roles, rights and responsibilities in the Company. The Board is also 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. Skills, expertise and competence of Directors

The table given below described the core skill, expertise and competence of directors of the Company as required and possessed in the context of operation of the Company:

Particulars	List of core Skills/Expertise/Competencies identified by the Board				
	Planning	Finance & Taxation	Legal	Administration	Technical
Mr. Mohib N Khericha	✓	✓	✓	✓	✓
Mr. Nikhil Kumar	✓	✓	✓	✓	✓
Mr. K G Prabhakar	✓	✓	✓	✓	✓
Mr. Nithin Bagamane	✓	✓	✓	✓	✓
Mr. Ravi K Mantha	✓	✓	-	✓	-
Ms. Prathibha Sastry	✓	✓	-	✓	-

Note: The mark is allocated based upon their competencies in the respective areas as stated above. However, in view of the experience and current position in respective business, the directors possessed working knowledge in all the aforesaid areas.

CORPORATE GOVERNANCE REPORT (CONTD.)

H. Board Evaluation

The Board monitors and reviews the Board evaluation framework. The board works with the Nomination & Remuneration Committee to lay down the evaluation criteria for the performance of executive/non-executive/independent directors. The questionnaire of the survey is a key part of the process of reviewing the functions and effectiveness of the board and identifying possible path for improvement. Each Board member is requested to evaluate the effectiveness of the board dynamics and relationship, information flow, decisions making of the directors, relationship with the stakeholders, company performance and strategy, and the effectiveness of the whole board and its various committees. Feedback on each director is encouraged. The evaluation process for fiscal 2019 has been completed.

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

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

I. Remuneration of Directors

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

Disclosures with respect to remuneration paid to Individual Directors:

I) Remuneration to Managing Director, Whole-time Director and/or Manager:

(Amt in Rs.)

Sl. No.	Particulars of Remuneration	Mr. Nikhil Kumar Managing Director	Mr. K G Prabhakar Director & CFO *(upto 30.06.2018)*	Total
1	Gross salary Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,90,47,070	45,09,417	2,35,56,487
	Value of perquisites u/s 17(2) Income-tax Act, 1961	39,600	9,900	49,500
	c. Profits in lieu of salary under section 17(3) Income -tax Act, 1961	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission - as % of profit - others, specify	Nil	Nil	Nil
5	Others, please specify –(contribution to PF)	18,99,125	97,283	19,96,408
	Total (A)	2,09,85,795	46,16,600	2,56,02,395
	Ceiling as per the Act	2,40,00,000	2,40,00,000	

Salary paid to Mr. K G Prabhakar includes leave encashment and retirement benefits.

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II) Remuneration to other directors

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Non- Executive Non Independent Director		Independent Director			Total
		Mr. Mohib N Khericha	Mr. K G Prabhakar	Mr. Nithin Bagamane	Mr. Ravi K Mantha	Ms. Prathibha Sastry	
1.	Directors Fee for attending board / committee meetings	3,30,000	1,50,000*	2,80,000	1,70,000	3,30,000	12,60,000
2	Commission Others, please specify	-	-	-	-	-	-
	Total						12,60,000
	Overall Ceiling as per the Act						NA
	Total Managerial Remuneration(I+II)						

** Sitting fees was paid to Mr. K G Prabhakar for attending Board meetings after his retirement in the capacity of Non -executive and Non- independent director of the Company.*

1. Service contract, notice period, severance fees – Executive Directors

The Company's Board comprises an executive director, Mr. Nikhil Kumar, Managing Director. The appointment of Mr. Nikhil Kumar, Managing Director is for a period of five years commencing from January 17, 2016. He will be eligible for payment of remuneration as specified in Part II of Section II of Schedule V of the Companies Act 2013 (including any statutory modifications or re-enactments thereof for the time being in force) in case the Company having no profits or having inadequate profits during his tenure, however that remuneration payable would revert to 11% of net profits in terms of Section 197 read with Schedule V of the Companies Act 2013 (the Act), in the event the company has net profits to pay remuneration in terms of Part II of Section I of Schedule V of the Companies Act, 2013 in any financial year during the term of employment. The severance fee and notice period has been provided in the employment agreement. He was paid Rs.2,09,85,795/- for the financial year ended March 31 2019.

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

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

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.

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

Fixed Pay

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

Minimum Remuneration

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

Provisions for excess Remuneration

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

Criteria of making payments to non-executive directors

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

Profit-linked Commission

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

Stock Options

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

II Board Committees:

A. Audit committee

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

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

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

The Chairman of the Audit Committee Mr. Nithin Bagamane was unable to attend the 19th Annual General Meeting held on Wednesday, September 26, 2018 due to travel constraint.

The appointment of Ms. Prathibha Sastry as an Independent Director has been approved by the members at the AGM held on September 26 2018 to hold office up to September 26, 2022.

The Audit Committee met four (4) times during the financial year ended March 31, 2019 on May 23, 2018, August 08, 2018, October 30, 2018 and January 31, 2019.

Particulars of attendance by the members of the Committee during the year ended March 31, 2019 are as follows:

Date of meeting	Members Present
May 23, 2018	Mr. Nithin Bagamane, Mr. Mohib N.Khericha & Ms. Prathibha Sastry
August 08, 2018	Mr. Nithin Bagamane, Mr. Mohib N.Khericha, Mr. Ravi Kanth Mantha & Ms. Prathibha Sastry
October 30, 2018	Mr. Nithin Bagamane, Mr. Mohib N.Khericha & Ms. Prathibha Sastry
January 31, 2019	Mr. Nithin Bagamane, Mr. Mohib N.Khericha, Mr. Ravi Kanth Mantha & Ms. Prathibha Sastry

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The Managing Director and the Chief Financial Officer attend the Audit committee meetings by invitation. The Statutory Auditors attended Audit committee meetings as special invitees to provide comments and share concerns, if any, with the Audit committee. Recommendations made by the audit committee during the year were accepted by the Board.

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

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

B. Nomination and Remuneration Committee

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

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

During the financial year 2018-2019, two meetings were held on May 23, 2018 and August08, 2018. Particulars of attendance by the members of the Committee during the year ended March 31, 2019 are as follows:

Date of meeting	Members Present
May 23, 2018	Mr. Nithin Bagamane, Mr. Mohib N.Khericha & Ms. Prathibha Sastry
August 08, 2018	Mr. Nithin Bagamane, Mr. Mohib N.Khericha & Ms. Prathibha Sastry

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") presently consists of Mr. Mohib N. Khericha, Non- Executive Director - the Chairman, Ms. Prathibha Sastry and Mr. Nithin Bagamane- Independent Directors are the members of the committee. During the year one meeting was held on May 23, 2018 and all the members were present.

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

The Committee met once during the year and the details of complaintsreceived from the shareholders are as follows:

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

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

D. Risk Management Committee and policy

A Risk Management Committee ("The Committee") comprising of Mr. Nithin Bagamane and Mr. Ravi Kanth Mantha, Independent Directors of the Company,

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Mr. Nikhil Kumar - Managing Director and Mr. K.G Prabhakar, Director as members was constituted to assist the Board in identifying existential risks, reviewing mitigation and elimination plans for those risks.

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

III. Subsidiaries

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

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

Indian Subsidiary

DF Power Systems Private Limited (DFPS) is an Unlisted Indian Subsidiary. Mr. Mohib N Khericha, Mr. Nikhil Kumar and Mr. K G Prabhakar are the directors of the Company.

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

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

This subsidiary does not have income or net worth exceeding 10% of the consolidated income or net worth respectively of TD Power Systems Limited - the holding company and its subsidiaries, in the immediately preceding accounting year. Accordingly, it is not a material unlisted Indian subsidiary.

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 and Mr. Nikhil Kumar 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

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

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

Turkey Subsidiary

TD Power Systems Jenerator Sanayi Anonim Sirketi was incorporated in Turkey on June 21, 2017 under the Turkish Commercial code and its registered office is located at Esentepe Mahallesi Kore Şehitleri Cad. No.37/6 Susli/Istanbul. Turkey. Mr. Nikhil Kumar, Managing Director and Mr. N.Srivatsa, Company Secretary of TD Power Systems Limited are Directors of TDPS Turkey.

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

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

IV. Related party transaction

During the financial year 2018-19, the Company had no materially significant related party transaction, which is considered to have potential conflict with the interests of the Company at large.

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

Details of transactions with related parties are provided in Annexure 2 of the Directors Report in Form AOC 2 as required under the provisions of Section 188 of the Companies Act, 2013 and note No.44 to the Annual Accounts.

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V. General Body Meetings

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

Financial Year Ended	Date & Time	Venue	Special Resolutions passed
March 31, 2018	September 26, 2018 10.30 AM	Hotel Le Meridien, No. 28, Sankey Road (Opp Bangalore Golf Course), Bangalore 560 052	Re-appointment of Mr. Nithin Bagamane and Mr. Ravi Kantha Mantha as Independent Directors from April 01, 2019 to March 31, 2024.
March 31, 2017	September 27, 2017 10.30 AM	Hotel Le Meridien, No. 28, Sankey Road (Opp Bangalore Golf Course), Bangalore 560 052	Revision in remuneration payable to Managing Director
March 31, 2016	September 22, 2016 10.30AM	Hotel Le Meridien, No. 28, Sankey Road (Opp Bangalore Golf Course), Bangalore 560 052	

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 (Kannnada 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 company's website www.tdps.co.in. The Company conducts earnings calls after the board meeting to discuss financial results of the Company for the quarter, half year and year ended. The presentations made to the institutional investors or analysts, if any, are sent to Stock Exchanges and also made available on the website of the Company www.tdps.co.in.

VII. General Shareholder Information

a.	Annual General Meeting Date, Time & Venue	Monday, 12th August 2019, 10.30 AM at Hotel Le Meridien, 28, Sankey Road, P B No. 174Opp. to Bangalore Golf Club, Bangalore 560 052, India
b.	Financial Year	A twelve-month period starting from April 1, 2018 to March 31, 2019.
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	As mentioned in the notice of this Annual General Meeting.
e.	Listing on Stock Exchanges	The Equity Shares of the Company are listed on BSE Limited (BSE) and National Stock Exchange of India Ltd (NSE) BSE LIMITED, P J Towers, Dalal Street, Mumbai 400 001 NATIONAL STOCK EXCHANGE OF INDIA LIMITED, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051 The listing fees dues as on the date has been paid to the respective stock exchanges.
f	Stock Code	BSE – 533553 NSE – TDPOWERSYS

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g	ISIN No.	INE419M01019
h	Market Price Data	(As per Annexure A)
i	Stock Performance in comparison to BSE Sensex and NSE Nifty	(As per Annexure B) (As per Annexure B)
j	Registrar and Transfer Agents (RTA)	Link Intime India Private Limited C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083 Tel No: +91 22 49186000
k	Share Transfer System	Share transfers are registered and returned in the normal course within a period of 15 days from the date of receipt. Requests for dematerialization of shares are processed and confirmation thereof is given to the respective depositories i.e. National Securities Depository Ltd. (NSDL) and Central Depository Services India Limited (CDSL) within the statutory time limit from the date of receipt of share certificates provided the documents are complete in all respects.
l	Distribution of shareholding as on March 31, 2019	(As per Annexure C)
m	Shareholding Pattern as on March 31, 2019	(As per Annexure D)
n	Dematerialisation of Shares and Liquidity as on March 31, 2019	

Description	No. of Holders	No. of Shares	% of Equity
Physical	1	2	0.00
NSDL	4589	19949692	64.08
CDSL	4216	11182415	35.92
Total	8806	31132109	100.00

o	Outstanding GDRs/ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity	No outstanding GDRs/ADRs/ Warrants or any Convertible Instruments
p	Commodity price risk or Foreign exchange risk and hedging activities –	Nil
q	Registered Office & Factory (Plant Location)	Unit I: # 27, 28 & 29 KIADB Industrial Area, Dabaspet, Nelamangala Taluk, Bangalore, Karnataka - 562 111 Unit II: Sy. No. 59/2, Yedehalli Village Nelamangala Taluk, Sompura Hobli Dabaspet, Bangalore, Karnataka - 562 111
r	Compliance Officer & Company Secretary	N. Srivatsa
s	Address for correspondence	Shareholders/Beneficial owners are requested to correspond with the Company's RTA (Registrar & Share Transfer Agents) with respect to any query, request, information or clarification pertaining to shares and are further advised to quote their folio number, DP & Client ID number as the case may be, in all correspondence with it. In addition to the RTA, the shareholders may correspond at the following addresses; Registered Office & Factory TD POWER SYSTEMS LIMITED # 27, 28 & 29 KIADB Industrial Area Dabaspet, Nelamangala Taluk Bangalore, Karnataka - 562 111 Ph.: 080-2299 5700 Fax: 080-2299 5718

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Annexure A

Market Price Data: High, Low, close, volume during each month of the financial year 2018-19

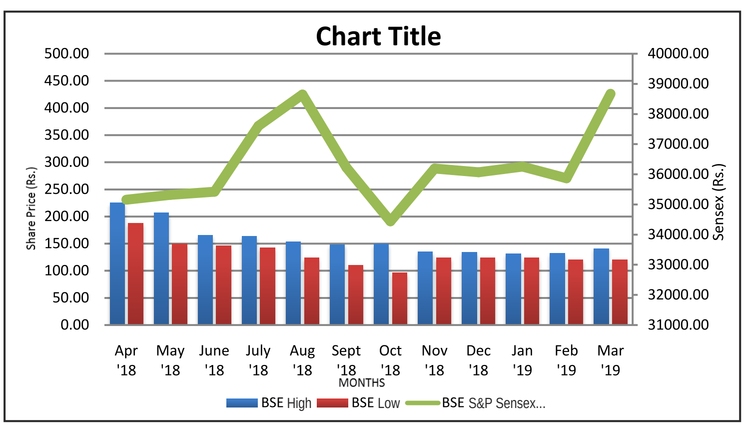
A summary containing monthly high/low/close and total volume of share prices at BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) is as under:

Months	BSE				NSE			
	High (Rs.)	Low (Rs.)	Close (Rs.)	Volume	High (Rs.)	Low (Rs.)	Close (Rs.)	Volume
Apr -18	225.50	187.75	198.85	3,43,293	226.00	187.50	200.00	13,29,469
May-18	206.95	150.00	162.45	1,34,929	207.75	149.05	162.00	8,40,483
Jun – 18	165.30	146.50	154.85	46,994	168.40	145.50	154.65	3,97,351
Jul - 18	163.40	142.00	148.20	23,016	163.10	140.95	147.20	1,71,336
Aug -18	153.35	124.00	125.50	94,337	151.50	124.00	125.55	6,96,064
Sep – 18	148.00	110.00	127.90	3,51,225	146.80	108.25	126.65	35,65,643
Oct – 18	149.50	96.10	130.25	3,31,423	150.70	95.00	131.20	30,88,782
Nov – 18	135.00	124.00	129.15	17,563	143.00	125.15	132.45	4,26,125
Dec -18	134.00	123.75	129.90	24,533	134.90	120.20	129.95	3,30,090
Jan – 19	131.60	124.00	126.70	7,628	130.05	124.00	126.90	4,23,344
Feb -19	132.00	120.30	126.10	16,044	134.75	120.00	127.95	7,65,170
Mar -19	141.00	120.00	122.60	3,37,650	138.95	119.00	120.00	12,52,061

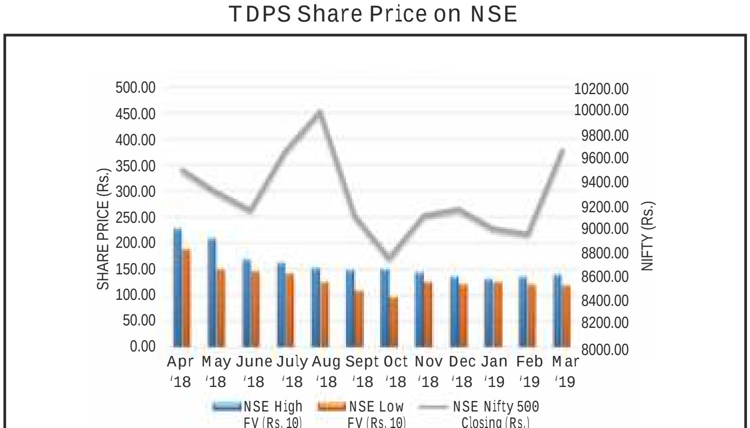
Annexure B

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

TDPS Share Price on BSE



TDPS Share Price on NSE



CORPORATE GOVERNANCE REPORT (CONTD.)

Annexure C

Distribution of shareholding as on March 31, 2019

Shareholding of Nominal Shares	Shareholders	% to Total Shareholders	Total Shares	% of Paid up Capital
1 to 500	7317	83.09	958947	3.08
501 to 1000	711	8.07	560811	1.80
1001 to 2000	359	4.08	542436	1.74
2001 to 3000	125	1.42	314085	1.01
3001 to 4000	61	0.69	216140	0.69
4001 to 5000	50	0.57	233610	0.75
5001 to 10000	79	0.90	564762	1.82
Above 10000	104	1.18	27741318	89.11
Total	8806	100.00	31132109	100.00

Annexure D

Shareholding pattern as on March 31, 2019

Sl. No.	Category	Number of Shares	% of Holding
(A)	Promoters & Promoters Group		
1	Promoters		
1(a)	Individual (Indian Nationals)	8369624	26.88
1(b)	Individual (Foreign National)	3235254	10.39
1(c)	Body Corporate	5026433	16.15
2	Promoters Group	1386902	4.45
	Total (A1 + A2)	18018213	57.87
(B)	Public Shareholdings		
1	Mutual Funds	5687367	18.27
2	Foreign Portfolio Investor	833350	2.68
3	Financial Institutions/Banks	73508	0.24
4	Individuals	4843316	15.56
5	Others	1676355	5.38
	Total B	13113896	42.13
	Grand Total (A +B)	31132109	100.00

VIII. Other Disclosure

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

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

2. Whistle Blower Policy / Vigil Mechanism

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

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

CORPORATE GOVERNANCE REPORT (CONTD.)

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.

3. CEO / CFO Certification

As required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Managing Director and Chief Financial Officer of the Company have certified to the Board of Directors, inter alia, the accuracy of financial statements and adequacy of internal controls for the financial reporting purpose as required under the Listing Agreement / LODR, for the year ended March 31, 2019. The said certificate forms part of this report.

4. Compliance certificates from Practicing Company Secretary

As required by schedule V of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (LODR), a separate certificate from Mr. Sudhir V. Hulyalkar, Practicing Company Secretary, Bangalore, confirming that:

(I) Compliance of conditions on Corporate Governance and

(ii None of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authority.

The said certificates are formed part of this Report.

5. Details of total fees paid to Statutory Auditors:

The details of total fees for all services paid by the Company and its subsidiary, on a consolidated basis, to statutory auditors.

Rs. in lakhs

Particulars	Fiscal 2019	Fiscal 2018
Audit Fees	12.50	12.43
Limited Review (quarterly) financial results including consolidated financial results	5.88	5.75
Taxation related services	0.50	0.50
Other Certifications relating to Buy-back offer and FEMA compliances	6.60	0.75
Other exp.	0.02	0.07

During the year, there was no such payment to any entity in the network firm/network entity of which the statutory auditor is a part.

6. Disclosure in relation to the Sexual Harassment

The details relating to compliant filed, disposed of and pending during the financial year pertaining to sexual harassment of Women at Workplace is as under:

a	No. of complaints filed during the financial year	Nil
b	No. of complaints disposed of during the financial year	Not applicable
c	No. of complaints pending as on end of the financial year	Not applicable

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

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

8. 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.

9. Management Discussion and Analysis Report

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

10. 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.

11. 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.

12. 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.

13. Discretionary Requirements

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

- Separate posts of Chairman and CEO – The Chairman and Managing Director/ CEO are two separate persons.
- Reporting of Internal Auditor - The Internal Auditor reports directly to the Audit Committee.
- Audit Qualifications - The Company has unqualified financial statements for the financial year 2018-19.

14. Information through Company's Website

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

For and on behalf of the Board of Directors

Place : Bangalore
Date : May 22, 2019

Mohib N. Khericha
Chairman

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, 2019 and that to the best of our knowledge and belief:

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the auditors and the Audit committee

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. There have been no instances of significant fraud of which we have become aware and confirmed that no member of the management or an employee having a significant role in the Company's internal control system over financial reporting is involved therein.

Place : Bangalore
Date : May 22, 2019

Nikhil Kumar
Managing Director

M N Varalakshmi
Chief Financial Officer

CORPORATE GOVERNANCE REPORT (CONTD.)

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

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

On the basis of the written declarations received from members of the board and senior management personnel in terms of Regulation 26(3) read with Schedule V of Para D of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is hereby certified that, for the year ended March 31, 2019, 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.

Place : Bangalore — Nikhil Kumar
Date : May 22, 2019 — 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, 2019.

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.

Sudhir Vishnupant Hulyalkar
Bangalore — Company Secretary in Practice
May 22, 2019 — FCS No: 6040. CP No. 6137

Certificate on directors appointment and continuation on the Board of Directors of TD Power Systems Limited (the Company)

(In terms of Regulation 34(3) read with Para C, Sub Para 10 (i) of the Schedule V to the Securities Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015)

I have examined the relevant records of the Company and also disclosures made by the directors of the Company, relevant information on disqualification and proclaimed offenders as declared by Courts and disseminated at the website of Ministry of Corporate affairs and also the Orders and other information available at the website Security and Exchange Board of India and also stock exchanges, Reserve Bank of India and information on wilful defaulters as declared by the banks and made available at the websites of credit information companies registered with the Reserve Bank of India and based upon such examination, I hereby certify that none of the directors on the board of TD POWER SYSTEMS LIMITED as on March 31,20L9 have been debarred or disqualified from being appointed or continuing as directors of companies by the Security and Exchange Board of India, Ministry of Corporate Affairs and other statutory authorities as mentioned above.

Place : Bangalore — Sudhir V Hulyalkar
Date : 22/5/2019 — Membership No. : FCS 6040. CP No: 6137

STANDALONE FINANCIAL STATEMENTS

To

THE MEMBERS OF
TD POWER SYSTEMS LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the Standalone Financial Statements of TD Power Systems Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity, the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements") in which are included the financial statements for the year ended on that date audited by the Branch Auditor of the Company's branch located in Japan.

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind-AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31,2019, its profit, total Comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion:

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with the requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As stated in Note no 51 no further provision for impairment in the carrying value of investments in subsidiaries is considered necessary by the management for the reasons stated therein.

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

Key Audit Matters:

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Revenue Recognition for contracts with customers:

Reasons why the matter was determined to be a key audit matter: The Company generates a significant portion of the business by manufacturing AC Generators and Electric Motors for various applications which are specifically designed and tailor-made to suit the needs of the customers based on their requirements and specifications. The Company recognises revenue in accordance with IND AS 115 Revenue from contracts with customers, generally when or as the entity satisfies a performance obligation by transferring a promised goods, services to a customer; i. e. when the customer is able to direct the use of the transferred goods or services and obtains substantially all of the remaining benefits, provided a contract with enforceable rights and obligations exists and amongst others collectability of consideration is probable taking into account our customer's creditworthiness. These assessments include, in particular, the scope of deliveries and services required to fulfill contractually defined obligations.

Auditor's response: As part of our audit, we obtained an understanding of the Company's internally established methods, processes and control mechanisms from order to delivery. We have also assessed the design and operating effectiveness of the internal controls by obtaining an understanding of such business transactions, and testing controls over these processes.

As part of our substantive audit procedures, we evaluated the management's assumptions based on a risk-based selection of a sample of contracts. Detailed substantive testing of sales was carried out to verify the related documents which include the documents for dispatch of goods or acknowledgement of acceptance of the goods by the customer. We performed cut-off procedures to ensure that all year-end sales are in line with the revenue recognition policy of the Company. The performance of obligations are considered to be complete, generally when the customer has accepted the goods.

Other Matters

Attention is invited to the following:

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. 4,518.63 lakhs as at 31st March, 2019 and total revenues of Rs. 3,436.61 lakhs for the year ended on that date, as considered in the standalone financial statements. The financial statements of the Branch have been audited by the

INDEPENDENT AUDITORS' REPORT

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 the above matter.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Management Discussion and Analysis, Board of Directors' report, Corporate Governance Report and other information published along with but does not include the financial statements and our auditor's report thereon.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on the work we have performed we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind-AS) specified under Section 133 of the Act, read with relevant rules issued thereafter.

This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial 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.

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

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained upto the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT (CONTD.)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the 'Annexure A' a statement on the matters specified in the paragraph 3 and 4 of the said Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the Branch not visited by us, but audited by the Branch Auditors.
   c. The report on the accounts of one branch offices audited under section 143 by a person other than the company's auditor has been forwarded to us as required by sub-section (8) of section 143 and have been properly dealt with in preparing our report in the manner considered necessary by us;
   d. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account and with the returns received from the branch not visited by us, but audited by the Branch Auditors.
   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 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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'; and
   h. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended;

      In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is within the limit laid down under the provisions of section 197 of the Act.
   i. With respect to the other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. the Company has disclosed pending litigations in its standalone financial statements, the impact if any on the final settlement of these litigations on its financial position is not ascertainable at this stage – Refer Note No 36 of standalone financial statements;
      ii. the Company has made provision as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note No 40 (c)(i) of standalone financial statements; and
      iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year.

For VARMA & VARMA
Chartered Accountants
FRN 004532S

K.P.SRINIVAS
Partner
M. No. 208520

Place: Bangalore
Date: 22-05-2019

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

Annexure referred to in paragraph 1 under the heading 'report on Other Legal and Regulatory Requirements' of our Independent Auditor's Report of even date on the Standalone Financial Statements of TD Power Systems Limited for the year ended 31st March 2019.

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

(a) The Company has maintained proper records which are showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a programme of physical verification of Property, plant and equipment of the Company, which in our opinion, is reasonable having regard to the size of the Company and nature of its assets. According to the information and explanations given to us, there were no material discrepancies identified on such verification when compared with available records of the Company.

(c) According to the information and explanations given to us and as per verification of the records of the Company, the title deeds of the immovable properties, are held in the name of the Company as at the balance sheet date.

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

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

a. The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.

b. The schedule of repayment of principal and payment of interest has been stipulated, the loans are renewed on maturity and the interest has been received as stipulated.

c. There is no overdue amount remaining outstanding as at the balance sheet date.

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

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

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

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

(b) According to the information and explanations given to us and as per our verification of the records of the Company, no disputed amounts of Income tax or sales tax or Goods and service tax or duty of custom or duty of excise or value added tax or cess have not been deposited with appropriate authorities as at 31st March 2019, except for the following:

Name of the Statute	Nature of the dues	Amount (Rs. In Lakhs)	Period (financial year) to which the amount relates to	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	15.80	2012-13	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	27.56	2015-16	Commissioner of Income Tax (Appeals)

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

IX. According to the information and explanation given to us and as per our verification of records of the Company, the Company has not raised money by way of initial public

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

offer or further public offer (including debt instruments) during the year. Accordingly, the provisions of paragraph 3(ix) of the Order is not applicable.

X. According to the information and explanations given to us and as per our verification of records of the Company, no fraud either by the Company or 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 and as per our verification of records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of the Section 197 read with Schedule V of the Act.

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

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

XIV. According to the information and explanations given to us and as per our verification of records of the Company, the Company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.

XV. According to the information and explanations given to us and as per our verification of records of the Company, the Company has not entered into non-cash transactions with the directors or persons connected with the directors. Accordingly, paragraph 3 (xv) of the Order is not applicable.

XVI. According to the information and explanations given to us the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For VARMA & VARMA
Chartered Accountants
FRN 004532S

K.P.SRINIVAS
Partner
M. No.208520

Place : Bangalore
Date : 22-05-2019

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

ANNEXURE REFERRED TO IN PARA 2 (g) "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF THE INDEPENDENT AUDITOR'S REPORT OF REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of TD Power Systems Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that;

(1.) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2.) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and

(3.) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For VARMA & VARMA
Chartered Accountants
FRN 004532S

K.P.SRINIVAS
Partner
M No.208520

Place: Bangalore
Date : 22-05-2019

BALANCE SHEET AS AT MARCH 31, 2019

Amount in ` Lakhs

	Note No.	As at 31.03.2019		As at 31.03.2018	
I. ASSETS					
Non - current assets					
Property, plant and equipment	2	19,530.88		20,967.45	
Capital work in progress	3	76.47		0.63	
Intangible assets other than goodwill	4	171.84		345.84	
Intangible assets under development	5	73.00		62.00	
Financial assets					
Investments	6	2,773.67		1,652.09	
Loans	7	1,248.98		869.32	
Other financial assets	8	268.03		7,693.98	
Other non-current assets	9	1,285.29	25,428.16	1,716.97	33,308.28
Current assets					
Inventories	10	9,828.36		8,064.85	
Financial assets					
Trade receivables	11	21,999.85		18,830.94	
Cash and cash equivalents	12	3,377.02		4,247.84	
Bank balances other than cash and cash equivalents	13	8,565.83		4,202.54	
Other financial assets	14	662.14		1,230.44	
Other current assets	15	3,520.25	47,953.45	1,805.09	8,381.70
TOTAL			73,381.61		71,689.98
II. EQUITY AND LIABILITIES					
Equity:					
Equity share capital	16	3,100.92		3,323.76	
Other equity	17	42,594.33	45,695.25	45,352.79	48,676.55
Non - current liabilities					
Provisions	18	505.37		352.39	
Deferred tax liabilities (Net)	19	763.38	1,268.75	942.96	1,295.35
Current Liabilities					
Financial Liabilities:					
Borrowings	20	6,139.21		6,860.26	
Trade payables	21				
- total outstanding dues of micro enterprises and Small enterprises		69.18		52.43	
- total outstanding dues of creditors other than micro enterprises and Small enterprises		12,665.84		9,711.41	
Other financial liabilities	22	3,626.44		2,903.67	
Other current liabilities	23	3,170.20		1,525.97	
Provisions	24	292.06		331.32	
Current tax liability - Net	25	454.68	26,417.61	333.02	21,718.08
TOTAL			73,381.61		71,689.98

The accompanying notes forms an integral part of the financial statements

For and on behalf of Board of Directors of
TD Power Systems Limited
CIN No. L31103KA1999PLC025071

Mohib N Khericha
Chairman
DIN: 00010365

M N Varalakshmi
Chief Financial Officer

Nikhil Kumar
Managing Director
DIN:00062243

N Srivatsa
Company Secretary
Membership No. F4699

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

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

K P Srinivas
Partner
Membership No.208520

Place:Bangalore
Date:22nd May 2019

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

Amount in ` Lakhs

	Note No.	Year ended 31.03.2019		Year ended 31.03.2018	
Revenue from operations	26		44,508.69		43,532.58
Other income	27		1,081.97		1,640.59
TOTAL REVENUE			45,590.66		45,173.17
Expenses					
Cost of materials consumed	28	29,194.73		28,763.29	
Purchases for project business, net of changes in inventories of stock in trade	29	2,773.73		3,158.31	
Changes in inventories of finished goods, work in progress and stock in trade	30	(740.33)	31,228.13	(854.27)	31,067.33
Excise duty on sale of goods	31		-		288.98
Employee benefits expense	32		6,004.17		6,525.82
Finance costs	33		284.29		662.13
Depreciation and amortization expense	34		2,591.10		2,705.54
Other expenses	35		4,348.14		4,425.90
TOTAL EXPENSES			44,455.83		45,675.70
Profit/(loss) before exceptional items and tax			1,134.83		(502.53)
Exceptional Items	50		-		(2,213.98)
Profit/(loss) before tax			1,134.83		1,711.45
Tax expense:					
Current tax		600.00		675.00	
Deferred tax		(172.09)	427.91	(202.84)	472.16
Profit/(loss) for the year			706.92		1,239.29
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Remeasurement of defined benefit plans	37	(21.35)		15.70	
Income tax on defined benefit plans					
- Deferred tax		7.47	(13.88)	(5.48)	10.22
Items that will be reclassified to profit or loss					
Exchange difference on translation of foreign operations		3.88		-	
Income tax on Exchange difference					
- Current Tax		-	3.88	-	-
Total			(10.00)		10.22
Total comprehensive income for the year			696.92		1,249.51
Earnings per equity share of Rs. 10/- each:					
Basic & Diluted (in `)	38		2.17		3.73

The accompanying notes forms an integral part of the financial statements

For and on behalf of Board of Directors of
TD Power Systems Limited
CIN No. L31103KA1999PLC025071

Mohib N Khericha
Chairman
DIN: 00010365

M N Varalakshmi
Chief Financial Officer

Nikhil Kumar
Managing Director
DIN:00062243

N Srivatsa
Company Secretary
Membership No. F4699

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

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

K P Srinivas
Partner
Membership No.208520

Place:Bangalore
Date:22nd May 2019

STATEMENT OF CHANGES IN EQUITY AS AT MARCH 31, 2019

Amount in ₹ Lakhs

Particulars	Equity Share Capital (Equity Shares of Rs.10 each issued, subscribed and fully paidup)	Other Equity - Reserves and surplus				Exchange difference on translation of foreign operations	Total other equity attributable to equity share holders of the company
		Securities Premium	Retained earnings	General reserve	Capital Redemp-tion Reserve		
As at 1st April 2017	3,323.76	22,075.88	19,807.84	2,939.63	-	-	44,823.35
Profit for the year 1st April 2017 to 31st March 2018	-	-	1,239.29	-	-	-	1,239.29
Remeasurement of defined benefit plans for the year (net of tax)	-	-	10.22	-	-	-	10.22
Dividend including dividend distribution tax (DDT) for the year	-	-	(720.07)	-	-	-	(720.07)
As at 31st March 2018	3,323.76	22,075.88	20,337.28	2,939.63	-	-	45,352.79
As at 1st April 2018	3,323.76	22,075.88	20,337.28	2,939.63	-	-	45,352.79
Profit for the year 1st April 2018 to 31st March 2019	-	-	706.92	-	-	-	706.92
Remeasurement of defined benefit plans for the year	-	-	(13.88)	-	-	-	(13.88)
Exchange difference on translation of foreign operations	-	-	-	-	-	3.88	3.88
Equity shares bought back during the year (Refer Note No. 16C)	(222.84)	-	-	-	-	-	
Transfer to Capital Redemption Reserve in respect of equity shares bought back during the year in pursuance of Sec.69 of the Companies Act, 2013 (Refer Note No.16C)	-	(222.84)	-	-	222.84	-	-
Utilisation of Securities Premium for buyback of equity shares (Refer Note No.16C)	-	(2,673.87)	-	-	-	-	(2,673.87)
Expenses on buyback of equity shares (Refer Note No.16C)	-	(60.26)	-	-	-	-	(60.26)
Dividend including Dividend distribution tax (DDT) for the year	-	-	(721.25)	-	-	-	(721.25)
As at 31st March 2019	3,100.92	19,118.91	20,309.07	2,939.63	222.84	3.88	42,594.33

The accompanying notes forms an integral part of the financial statements

For and on behalf of Board of Directors of
TD Power Systems Limited
CIN No. L31103KA1999PLC025071

Mohib N Khericha
Chairman
DIN: 00010365

M N Varalakshmi
Chief Financial Officer

Nikhil Kumar
Managing Director
DIN:00062243

N Srivatsa
Company Secretary
Membership No. F4699

This is the statement of changes in equity referred to in our report of even date attached

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

K P Srinivas
Partner
Membership No.208520

Place:Bangalore
Date:22nd May 2019

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2019

Amount in ` Lakhs

		Year ended 31.03.2019		Year ended 31.03.2018	
A	CASH FLOW FROM OPERATING ACTIVITIES				
	Net Profit before tax		1,134.83		1,711.45
	Adjustments for				
	Depreciation	2,417.09		2,550.81	
	Amortisation	174.01		154.73	
	(Profit) / Loss on disposal of Property/Plant and Equipments	19.67		0.24	
	Deferred revenue	(9.49)		20.47	
	Dividend income	(0.06)		(0.06)	
	Interest income on bank deposits	(753.45)		(1,028.66)	
	Interest income accrued on financial assets (Non-convertible debentures)	(44.82)		-	
	Interest on the loan given to subsidiaries	(60.60)		(35.68)	
	Interest expenses	252.93		662.13	
	Interest income on other financial assets	(0.01)		(0.06)	
	Unrealised foreign exchange loss (net)	(142.91)		207.04	
	Provision for warranty claims	(2.75)		33.52	
	Provision for leave encashment	57.21	1,906.82	2.51	2,566.99
	Operating profit before working capital changes		3,041.65		4,278.44
	Adjustments for				
	Decrease/(Increase) in trade receivables	(3,273.93)		(3,104.88)	
	Decrease/(Increase) in other receivables	2,239.29		4,262.80	
	Decrease/(Increase) in inventories	(1,763.51)		(66.62)	
	(Decrease)/Increase in trade payables	3,001.00		(583.11)	
	(Decrease)/Increase in other payable	2,252.10	2,454.95	(3,182.11)	(2,673.92)
	Cash generated from operations		5,496.60		1,604.52
	Direct taxes paid including TDS		(145.32)		(559.12)
	Net Cash from/(used in) Operating Activities		5,351.28		1,045.40
B	Cash flow from investing activities				
	Payment for property, plant and equipments	(1,126.10)		(719.17)	
	Payment for tangible assets under progress	(75.84)		-	
	Payment for intangible assets under development	(11.00)		-	
	Proceeds from disposal of property, plant and equipments	125.91		0.68	
	Investments in subsidiary by way of subscription to equity shares	(126.10)		(186.73)	
	Investments in non-convertible debentures	(995.48)		-	
	Loan given to subsidiary	(326.40)		(329.69)	
	Dividend received	0.06		0.06	
	Interest received on loan given to subsidiary	60.60		35.68	
	Interest received on bank deposits	739.60		929.93	
	Net Cash from/(used in) investing activities		(1,734.75)		(269.24)

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31,2019 (CONTD.)

Amount in ` Lakhs

	Year ended 31.03.2019		Year ended 31.03.2018	
C. Cash flow from financing activities				
Proceeds from working capital borrowings (net)	(552.07)		1,948.21	
Equity shares bought back	(2,896.71)		-	
Expenses on buyback of equity shares	(60.26)		-	
Interest paid	(252.93)		(662.13)	
Dividend Paid, including dividend distribution tax	(721.25)		(720.07)	
Net Cash from/(used in) financing activities		(4,483.22)		566.01
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies		(4.13)		104.77
Net increase/(decrease) in cash and cash equivalents		(870.82)		1,446.94
Cash and cash equivalents at the beginning of the year		4,247.84		2,800.90
Cash and cash equivalents at the end of the year		3,377.02		4,247.84
Cash and cash equivalents at the end of the year- constitute				
Balances with banks				
In current accounts		1,962.18		2,348.44
In EEFC account		509.89		1,898.98
In deposit accounts with less than 3 months maturity		900.00		-
Cash on hand		4.95		0.42
		3,377.02		4,247.84

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

The accompanying notes forms an integral part of the financial statements

For and on behalf of Board of Directors of
TD Power Systems Limited
CIN No. L31103KA1999PLC025071

Mohib N Khericha
Chairman
DIN: 00010365

M N Varalakshmi
Chief Financial Officer

Nikhil Kumar
Managing Director
DIN:00062243

N Srivatsa
Company Secretary
Membership No. F4699

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

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

K P Srinivas
Partner
Membership No.208520

Place:Bangalore
Date:22nd May 2019

SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2019

SIGNIFICANT ACCOUNTING POLICIES

Corporate Information

The Company is incorporated and domiciled in India. Consequent to a Special Resolution of the Members, passed at the Company's Extra Ordinary General Meeting held on 17th January 2011, the Company was converted to a Public Limited Company by altering its Articles of Association in terms of Section 31 read with Section 44 of the Companies Act 1956, and a fresh Certificate of Incorporation dated 4th February 2011 was issued by the Registrar of Companies, Karnataka. The registered office of the Company is located at Dabaspet, Nelamangala Taluk Bangalore – 562 111. The Company is engaged in manufacturing AC Generators and Electric Motors for various applications which are specifically designed and tailor-made to suit the needs of the customers based on their requirements and specifications.

The financial statements for the year ended March 31, 2019 were approved by the Board of Directors and authorised for issue on May 22, 2019.

The company's subscription to the Share Capital of its Wholly Owned Subsidiaries included in investment under non-current assets as at 31st March 2019 are as follows:-

- 80,100 Equity Shares of USD 10- each in TD Power Systems USA Inc, USA
- 2000 Equity Share of JPY 10,000 each in TD Power Systems Japan Limited, JAPAN
- 550,000 * Equity Share of Euro 1 each in TD Power Systems Europe GmbH, EUROPE

  (* erstwhile Platin 1255 GmbH acquired by the company during January 2016)
- 59,99,998 Equity Shares of Rs.10 each in D F Power Systems Private Limited (excluding two shares beneficially held by the Directors of the Company).
- 12,782 shares of Turkish Lira of 100.- each in TD Power System Jenerator Sanayi Anonim Sirketi which was incorporated on 21st June 2017

1.1 Basis of preparation of financial statements:

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

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

1.2 Use of estimates and judgments:

The preparation of the financial statements in conformity with recognition and measurement principles of Ind AS requires management of the Company to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses for the period presented. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in Note 1.4. Accounting estimates could change from period to period and actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.3 Current versus non-current classification:

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

a An asset is treated as current when it is:

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

All other assets are classified as non-current.

b A liability is treated as current when it is:

- Expected to be settled in normal operating cycle
- Held primarily for the purpose of trading
- Due to be settled within twelve months after the reporting period, or

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

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

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

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

1.4 Critical Accounting Estimates:

a. Revenue Recognition:

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

b Property, Plant and Equipment:

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

c Intangible Assets

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

d Investment in subsidiaries

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

e Valuation of deferred tax assets

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy for the same has been explained under Note 1.14.

f Provision and Contingent liability

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

g Provision for Credit loss

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

1.5 Revenue Recognition:

The Company recognises revenue, when or as the entity satisfies a performance obligation by transferring a promised goods or services to a customer; i.e. when the customer is able to direct the use of the transferred goods or services and obtains substantially all of the remaining benefits, provided a contract with enforceable rights and obligations exists and amongst others collectability of consideration is probable taking into account the customer's creditworthiness. With regards to the sale of products where delivery is not considered to have occurred, and therefore no revenues are recognized, until the customer has taken title to the products and assumed the risks and rewards of ownership of the products specified in the purchase order or sales agreement. Revenue is the transaction price the company expects to be entitled to. Consideration is adjusted for the time value of money if the period between the transfer of goods or services and the receipt of payment is substantial and there is a significant financing benefit either to the customer or Company. If a contract contains more than one distinct good or service, the transaction price is allocated to each performance obligation based on relative stand-alone selling prices. If stand-alone selling prices are not observable, the Company reasonably estimates those. Revenue is recognized for each performance obligation either at a point in time or over time.

Revenues from services:

Revenues are recognized over time on a straight-line basis or, if the performance pattern is other than straight-line, as services are provided, i. e. under the percentage- of-completion method as described above.

Dividend Income:

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

Interest Income:

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

1.6 Export Incentives:

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

1.7 Property, plant and equipment:

Initial Measurement:

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

Capital Work in Progress:

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

Depreciation and amortization:

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

ii. Freehold land is not depreciated.

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

The estimated useful lives are as mentioned below:

Type of Assets	Useful Life
Factory Building	30 Years
Non-factory Buildings	60 Years
Plant & Machinery - Double shift basis	10 Years
Office Equipments	5 Years
Furniture and Fixtures	10 Years
Computers	3 Years
Computer Server	6 Years
Communication Equipment	5 Years
Motor Vehicles	8 Years

Derecognition:

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the

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

continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in statement of profit or loss.

1.8 Intangible Assets:

Intangible assets with finite lives that are acquired are carried at cost or fair value as of the date of acquisition, as applicable, less accumulated amortization and accumulated impairment losses, if any. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. Intangible assets consist of technical knowhow / license fees which are amortized over a period of 5 years on a straight-line basis being the estimated useful life.

1.9 Research & Development

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

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

Capital Expenditure is categorized and disclosed separately as Research & Development Property Plant and Equipment and depreciation is charged as disclosed in para 1.7 above.

1.10 Impairment of Assets:

a. Financial assets (other than at fair value):

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

b. Non-Financial Assets:

Tangible and intangible assets

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

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

1.11 Inventories:

Inventories are valued at cost or net realizable value, whichever is lower. Raw materials and bought out items are valued on first in first out basis and includes material cost, carriage inward, insurance and purchase related expenses. Cost in respect of work in progress and finished goods include appropriate portion of overhead. Net realizable value represents the estimated selling price for inventory less all estimated cost of completion and cost necessary to make the sale.

1.12 Employee Benefits:

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

a. Short-term employee benefits:

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

b. Long-term employee benefits:-

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

c. Defined Benefit Plans:

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

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

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

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

d. Defined Contribution Plans:

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

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

1.13 Leases:

Finance Lease:

Assets taken on lease by the Company in its capacity as lessee, where the Company has substantially all the risks -and rewards of ownership are classified as finance lease. Such leases are capitalized at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is recognised for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Operating Lease:

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

1.14 Income Taxes:

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

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

a. Current Income Taxes:

The current income tax expense includes income taxes payable by the Company and its overseas branches.

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

b. Deferred Income Taxes:

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

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

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

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

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

1.15 Foreign Currency:

a. Functional and presentation currency:

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

b. Initial Recognition:

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

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

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

d. Treatment of exchange differences on monetary items

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

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

1.16 Financial Instruments:

A financial instrument is any contract that give rise to a financial asset of any entity and a financial liability or equity instrument of another entity. Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

i. Cash and Cash equivalents:

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

ii. Financial assets at amortized cost:

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

iii. Financial assets at fair value through profit or loss:

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

iv. Financial liabilities:

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

v. Equity Instrument:

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

vi. De-recognition of financial instruments:

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

vii. Impairment of financial assets:

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

viii. Investments in subsidiary:

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

ix. Fair value of financial instruments:

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

Fair value hierarchy:

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

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

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

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

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

1.17 Accounting for Derivatives:

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

1.18 Borrowing Cost:

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are charged to statement of Profit and Loss in the period in which they are incurred.

1.19 Government Grants:

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over

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

the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

1.20 Cash Flow statement:

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

1.21 Provision and Contingencies:

A Provision is recognized when an enterprise has a present (legal or constructive) obligation as a result of past event; and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the notes.

Provision for Warranty

Provision for warranty related cost are recognized when the product is sold. Initial recognition is based on historical experience and future estimates of claims by the management. The estimate of such warranty related cost is revised annually.

1.22 Segment Reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Refer Note 42 for segment information presented.

1.23 Earnings per share:

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

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

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

1.24 Dividend Distribution:

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

1.25 IND AS 115 - Revenue from Contracts with Customers

Effective April 1, 2018, the Company has adopted Ind AS 115 using cumulative effective method, the standard applies retrospectively only to the contracts that are not completed as at the date of initial application and the comparative information is not restated in the financial results. The adoption of this standard did not have any material impact on the financial statements for the year ended March, 31 2019.

1.26 Standards issued but not yet effective (IND AS)

On 30 March, 2019, Ministry of Corporate Affairs ('MCA') has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Ind AS 116 Leases that will supersede Ind AS 17 Leases.

The new standard will come into force from 1 April, 2019. The Company is evaluating the requirements of the new standard and its effect on the financial statements.

Ind AS 116 requires lessees to recognize assets and liabilities arising from all leases (except for short-term leases and leases of low-value assets) in the statement of financial position. The company will have to capitalise all assets currently held under operating leases. Operating lease expenses will be replaced by a depreciation expense on Right of Use assets recognised and an interest expense as the implicit interest rate in the lease liabilities unwinds.

The standard allows for two transition methods: retrospectively for all periods presented, or using a modified retrospective approach where the cumulative effect of adoption is recognised at the date of initial application. The Company is evaluating which of these transition methods will be adopted and the consequent impact on the financial statements.

The Companies (Indian Accounting Standards) Amendment Rules 2019 also notified amendments to the following standards. The amendment would be effective from April 1, 2019.

1. Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments.
2. Amendment to Ind AS 19 – plan amendment, curtailment or settlement.

The Company is in the process of evaluating the impact of such amendments.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

NOTE-2: PROPERTY, PLANT AND EQUIPMENT

Amount in ` Lakhs

Particulars	GROSS BLOCK				DEPRECIATION				Written Down Value
	As at 01.04.2018	Additions	Disposal	As at 31.03.2019	As at 01.04.2018	For the year	Disposal	As at 31.03.2019	As at 31.03.2019
Free hold land	2,761.55	-	-	2,761.55	-	-	-	-	2,761.55
Buildings	11,129.34	37.74	-	11,167.08	2,367.35	358.59	-	2,725.94	8,441.14
Plant and machinery	20,153.98	1,040.97	200.41	20,994.54	11,898.72	1,794.18	72.90	13,620.00	7,374.54
Office equipments	302.00	9.83	7.15	304.68	227.82	18.77	6.75	239.84	64.84
Furniture and fixtures	352.90	2.93	-	355.83	224.55	23.55	-	248.10	107.73
Computers	639.76	34.63	-	674.39	477.59	42.75	-	520.34	154.05
Communication equipments	16.96	-	-	16.96	15.94	0.32	-	16.26	0.70
Motor vehicles	343.82	-	54.51	289.31	275.10	19.68	36.84	257.94	31.37
TOTAL - A	35,700.31	1,126.10	262.07	36,564.34	15,487.07	2,257.84	116.49	17,628.42	18,935.92

PROPERTY, PLANT AND EQUIPMENT - RESEARCH & DEVELOPMENT

Particulars	GROSS BLOCK				DEPRECIATION				Written Down Value
	As at 01.04.2018	Additions	Disposal	As at 31.03.2019	As at 01.04.2018	For the year	Disposal	As at 31.03.2019	As at 31.03.2019
Plant and machinery	1,600.92	-	-	1,600.92	846.71	159.25	-	1,005.96	594.96
TOTAL - B	1,600.92	-	-	1,600.92	846.71	159.25	-	1,005.96	594.96
TOTAL - C=A+B	37,301.23	1,126.10	262.07	38,165.26	16,333.78	2,417.09	116.49	18,634.38	19,530.88

NOTE-2: PROPERTY, PLANT AND EQUIPMENT

Particulars	GROSS BLOCK				DEPRECIATION				Written Down Value
	As at 01.04.2017	Additions	Disposal	As at 31.03.2018	As at 01.04.2017	For the year	Disposal	As at 31.03.2018	As at 31.03.2018
Free hold land	2,753.07	8.48	-	2,761.55	-	-	-	-	2,761.55
Buildings	11,129.34	-	-	11,129.34	1,997.28	370.07	-	2,367.35	8,761.99
Plant and machinery	19,849.51	304.47	-	20,153.98	10,080.80	1,817.92	-	11,898.72	8,255.26
Office equipments	295.13	7.00	0.13	302.00	198.59	29.25	0.02	227.82	74.18
Furniture and fixtures	351.33	1.57	-	352.90	198.71	25.84	-	224.55	128.35
Computers	498.96	149.41	8.61	639.76	420.43	64.98	7.82	477.59	162.17
Communication equipments	16.96	-	-	16.96	15.52	0.42	-	15.94	1.02
Motor vehicles	343.82	-	-	343.82	231.84	43.26	-	275.10	68.72
TOTAL - A	35,238.12	470.93	8.74	35,700.31	13,143.17	2,351.74	7.84	15,487.07	20,213.24

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

PROPERTY, PLANT AND EQUIPMENT - RESEARCH & DEVELOPMENT

Amount in ` Lakhs

Particulars	GROSS BLOCK				DEPRECIATION				Written Down Value
	As at 01.04.2017	Additions	Disposal	As at 31.03.2018	As at 01.04.2017	For the year	Disposal	As at 31.03.2018	As at 31.03.2018
Plant and machinery	1,600.92	-	-	1,600.92	647.64	199.07	-	846.71	754.21
TOTAL - B	1,600.92	-	-	1,600.92	647.64	199.07	-	846.71	754.21
TOTAL - C=A+B	36,839.04	470.93	8.74	37,301.23	13,790.81	2,550.81	7.84	16,333.78	20,967.45

Note:

The borrowing and non fund based facilities from Bank of Baroda is secured by way of:

(1) Exclusive first charge on fixed assets (including land, buildings and Plant and Machinery) of unit-I of the company situated at plot nos.27,28,29 & 30A area, 25304 sq. mts Phase-I KIADB Dabaspet Industrial Area, Yedehalli Village, Bengaluru Rural District, Bengaluru.

(2) Exclusive first charge on part of fixed assets (including land, buildings and Plant and Machinery) of Unit-II of the company situated at Sy.No.59/2, area 4 acres 33 gunta (19526 Sq. mts including 7 gunta kharaba land) yedahalli village Dabaspet, Bangalore.

(3) Exclusive first charge on part of fixed assets (including land, buildings and Plant and Machinery) situated at Unit-II Sy.No. 59/2 Yedehalli Village, Dabaspet Bangalore Rural District, Bangalore (i.e., 8 acres of land out of 23.33 acres along with the factory building constructed there on) of the company.

	As at 31.03.2019	As at 31.03.2018
3 CAPITAL WORK-IN-PROGRESS		
Plant and Machinery	75.84	-
Land	0.63	0.63
TOTAL	76.47	0.63
4 INTANGIBLE ASSETS - (OTHER THAN GOODWILL)		
Technical know-how		
Gross block (at deemed cost (A)	870.05	615.78
Addition during the year	-	254.27
Gross block at the end of the year	870.05	870.05
Accumulated amortisation at the beginning of the year	524.20	369.47
Amortisation for the year	174.01	154.74
Accumulated amortisation at the end of the year (B)	698.21	524.21
NET CARRYING VALUE (A-B)	171.84	345.84
5 INTANGIBLE ASSET UNDER DEVELOPMENT		
Technical know-how	73.00	62.00
TOTAL	73.00	62.00

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Amount in ` Lakhs

FINANCIAL ASSETS

6 INVESTMENTS

Details of Investments	Currency	Per Security	Number of Securities As at 31.03.2019	Number of Securities As at 31.03.2018	Amount in Lakhs As at 31.03.2019	Amount in Lakhs As at 31.03.2018
Non current investments *						
A Investments in equity instruments of subsidiaries - unquoted - carried at cost						
D F Power Systems Private Limited **	INR	10.00	59,99,998	59,99,998	2,040.75	2,040.75
TD Power Systems USA Inc	USD	10.00	80,100	80,100	481.78	481.78
TD Power Systems Japan Limited	JPY	10,000.00	2,000	2,000	122.44	122.44
TD Power Systems Europe GMBH	Euro	1.00	5,50,000	5,50,000	414.12	414.12
TD Power Systems Jenerator Sanayi Anonim Sirketi	Lira	100.00	12,782	1,893	159.35	33.25
Less: Provision for diminution in the value of D F Power Systems Private Limited (Refer note No 51)					(1,440.75)	(1,440.75)
Total investment in equity of subsidiaries - A					1,777.69	1,651.59
B Investments in Non-convertible Debentures carried at amortised cost - (quoted)						
Tata Capital Financial Services Limited	INR	1,000.00	1,00,000	-	995.48	-
C Investment carried at fair value through Profit and Loss (FVTPL)						
Investments in Equity Shares - (fully paid up) (unquoted)						
The Shamrao Vithal Co-operative Bank limited (Cost per share is Rs.25)	INR	25.00	2,000	2,000	0.50	0.50
Grand Total (A+B+C)					2,773.67	1,652.09
Additional Information:						
Aggregate Carrying value of quoted Non-convertible debentures					995.48	-
Market value of quoted Non Convertible Debentures					1,047.97	-
Aggregate carring value of unquoted shares (Refer Note 51)					1,778.19	1,652.09
Amount of impairment in the value of investments in unquoted shares					(1,440.75)	(1,440.75)

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

** Excluding two shares held by Company through the directors of the Company.

7 LOANS:

	As at 31.03.2019	As at 31.03.2018
(Unsecured , considered good)		
Loans to related parties	1,248.98	869.32
TOTAL	1,248.98	869.32

Details of Loans

Particulars	Rate of Interest	Period of loan	Currency	As at 31.03.2019	As at 31.03.2018
TD Power Systems USA Inc	Libor + 3% p.a.	24 Months	USD	890.89	709.72
TD Power Systems Europe GMBH	Libor + 3% p.a.	24 Months	EURO	153.34	159.60
TD Power Systems Jenerator Sanayi Anonim Sirketi	12% p.a.	36 Months	USD	204.75	-

Unsecured loan given to wholly owned subsidiary is to meet their operating expenses and working capital requirement.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Amount in ` Lakhs

		As at 31.03.2019	As at 31.03.2018
8	OTHER FINANCIAL ASSETS:		
	(Unsecured , considered good)		
	Other receivables - electricity deposit	114.37	179.95
	Bank deposits with more than 12 months maturity	100.00	7,320.00
	Balance with government authorities - VAT input credit refund receivable	53.66	194.03
	TOTAL	268.03	7,693.98
9	OTHER NON CURRENT ASSETS:		
	Capital advances*	1,103.57	1,359.67
	Advance tax net of provision	-	176.35
	Gratuity- Excess of fair value of plan assets over defined benefit obligation	181.72	180.95
	TOTAL	1,285.29	1,716.97

* The company has entered into an agreement/MOU for purchase of land during 2009 & 2010 and accordingly, amount aggregating to Rs. 3,372.75 lakhs was paid from time to time in pursuance of this agreement. Pending execution of sale deed and completion of certain works related to the land the balance amount is carried under capital advance. The management of the company is of the view that considering the nature of the transaction, the registration of the sale of the land would be completed in due course and on completion, the said amount would be capitalised. The total advances of Rs.1,101.31 lakhs (PY Rs.1,301.31 lakhs) represents Rs.401.31 lakhs (PY Rs.601.31 lakhs) towards approx. 7.5 acres of land (PY 10 acres of land) and Rs.700 lakhs (PY Rs.700 lakhs) towards development cost of the land. The management of the company does not expect any significant further cash outflow towards the acquisition except for the cost of registration and related expenses.

		As at 31.03.2019	As at 31.03.2018
10	INVENTORIES		
	Raw materials	5,060.04	4,023.74
	Work in progress	4,444.28	3,703.95
	Finished goods	52.19	52.19
	Stock in trade	88.68	168.73
	Goods in transit:		
	Raw materials	183.17	116.24
	TOTAL	9,828.36	8,064.85
	(Refer accounting policy No. 1.11 for valuation of inventories)		
11	TRADE RECEIVABLES (unsecured)		
	Trade receivables	22,511.07	19,342.16
	Less: Expected credit loss allowance (on trade receivables considered doubtful) Refer Note 40 (c)	511.22	511.22
	Trade receivables (considered good)	21,999.85	18,830.94
	Additional information:		
	Receivable , considered good and covered under letter of credit	935.62	1,892.92
	Unsecured, considered good	21,064.23	16,938.02
	TOTAL	21,999.85	18,830.94
12	CASH AND CASH EQUIVALENTS:		
	Balances with banks:		
	In current accounts	1,962.18	2,348.44
	In EEFC accounts	509.89	1,898.98
	In deposit accounts with less than 3 months maturity	900.00	-
	Cash on hand	4.95	0.42
	TOTAL	3,377.02	4,247.84

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Amount in ` Lakhs

	As at 31.03.2019	As at 31.03.2018
13 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS:		
Balance in unclaimed dividend account	1.13	0.85
Balance in escrow account for buyback of shares	169.87	-
Bank deposits with less than 12 months maturity	6,813.14	2,620.00
Deposits (Under lien) with bank as Margin money towards bank guarantee	1,581.69	1,581.69
TOTAL	8,565.83	4,202.54
14 OTHER FINANCIAL ASSETS:		
(Unsecured , considered good)		
Security deposit for rented premises	19.37	18.65
Balance with government authorities - GST/ED Refund receivable	250.40	865.93
Interest accrued on term deposits	108.71	94.86
Interest accrued on Non Convertible Debentures	44.82	-
Accrued Export incentive	188.54	216.74
Unbilled revenue	11.67	2.18
Employee advance	38.63	32.08
TOTAL	662.14	1,230.44
15 OTHER CURRENT ASSETS:		
Security deposit	0.53	2.84
Earnest money deposit	4.85	4.85
Advance paid to suppliers (other than capital advances)	1,712.39	1,015.08
Balance with government authorities - Input tax credit	1,431.71	577.88
Prepaid expenses	217.20	176.39
Expenditure tax - (Relating to foreign operations)	153.57	28.05
TOTAL	3,520.25	1,805.09
16 EQUITY SHARE CAPITAL		
Authorized		
Equity shares of Rs.10/- each		
Number of equity shares	3,50,00,000	3,50,00,000
Amount of equity share capital (in INR)	3,500.00	3,500.00
Issued, subscribed and fully paid up		
Equity shares of Rs.10/- each		
Number of equity shares	3,32,37,588	3,32,37,588
Amount of equity share capital (in INR)	3,323.76	3,323.76
Reconciliation of the number of equity shares outstanding and the amount of equity share capital at the beginning and at the end of the year		
Number of equity shares		
Shares outstanding at the beginning of the year	3,32,37,588	3,32,37,588
Shares bought back during the year (Refer Note No. 16c)	22,28,365	-
Shares outstanding at the end of the year	3,10,09,223	3,32,37,588
Amount of equity share capital:		
Share capital outstanding at the beginning of the year	3,323.76	3,323.76
Shares bought back during the year (Refer Note No. 16c)	222.84	-
Share capital outstanding at the end of the year	3,100.92	3,323.76

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Other Information:

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

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

III For the period of five years immediately preceding the date as at which the Balance Sheet is prepared, there were:

a. No shares allotted pursuant to a contract without consideration being received in cash.

b. No shares allotted as fully paid up by way of bonus shares.

c. The Board of Directors of the Company, at its meeting held on September 26, 2018, have approved Buy-back of fully paid up Equity Shares of face value of Rs.10 each for an aggregate amount not exceeding Rs.30 Crores (Rupees Thirty Crores only) at a price not exceeding Rs.256/- (Rupees Two Hundred Fifty Six Only) per Equity Share from the shareholders of the Company via the "open market" route through the stock exchanges under the SEBI Buy-back Regulations 2018 and the Companies Act 2013 (as amended from time to time).

The Company has published the Public Announcement on September 28, 2018 for the Buy-back offer. As of the year ended March 31, 2019 the Company has purchased from open market through Stock Exchanges 22,29,965 Equity Shares out of which 21,05,479 Equity Shares (i.e. Equity Shares bought back up to March 15, 2019) have been extinguished in terms of Regulation 21 r/w Regulation 11 of the of the SEBI Buy Back Regulations 2018 . The extinguishment of equity shares as of March 31, 2019 has resulted in change of 6.33% in the Paid up capital of Company.

The remaining 122,886 Equity Shares (bought back during March 18, 2019 to March 28, 2019) and 1,600 Equity Shares (bought back on March 29, 2019) were extinguished on April 02, 2019 and April 10, 2019 respectively. As on 10th April, 2019 the Company has extinguished all the shares bought back which is about 6.93% of paid up capital of the Company.

IV There were no shares reserved for issue under options and contracts/commitments for the sale of shares/disinvestment.

V There were no calls unpaid or forfeited shares.

VI Particulars of equity share holders holding more than 5% of the total paid up equity share capital:	As at 31.03.2019		As at 31.03.2018	
	%	No of shares	%	No of shares
a. Saphire Finman Services LLP (Saphire Finman Services Private Limited)	16.21%	50,26,433	15.12%	50,26,433
b. Nikhil Kumar	14.96%	46,38,664	13.96%	46,38,664
c. Mohib N Khericha	12.03%	37,30,960	11.23%	37,30,960
d. Hitoshi Matsuo	10.43%	32,35,254	9.73%	32,35,254
e. Reliance Capital Trustee Company Limited	9.79%	30,37,197	8.88%	29,50,000
f. Sundaram Mutual Fund	6.31%	19,57,562	5.80%	19,27,718

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

Amount in ` Lakhs

17 OTHER EQUITY	As at 31.03.2019	As at 31.03.2018
Reserves & Surplus:		
Securities Premium		
As at the beginning of the year	22,075.88	22,075.88
Less: Utilised for equity shares which were bought back	2,673.87	-
Less: Transfer to Capital Redemption Reserve	222.84	-
Less: Expenses on buyback of equity shares	60.26	-
As at the end of the year - A	19,118.91	22,075.88

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

OTHER EQUITY (CONTD.)

Amount in ` Lakhs

	As at 31.03.2019	As at 31.03.2018
Capital Redemption Reserve		
As at the beginning of the year	-	-
Add: Transfer from Securities Premium for shares bought back during the year	222.84	-
As at the end of the year - B	222.84	-
General Reserve		
As at the beginning of the year	2,939.63	2,939.63
Add: Transferred from retained earnings	-	-
As at the end of the year - C	2,939.63	2,939.63
Retained earnings		
As at the beginning of the year	20,337.28	19,807.84
Less: Dividend (Rs.1.80 per share (Previous year: Rs.1.80 per share)) including dividend distribution tax	(721.25)	(720.07)
Add: Transferred from statement of profit and loss	706.92	1,239.29
Add/(less): Remeasurement of defined benefit plan for the year	(13.88)	10.22
As at the end of the year - D	20,309.07	20,337.28
Other Comprehensive Income:		
Exchange difference on translation of foreign operations (Refer Note No.1.15)		
Transferred from statement of profit and loss	3.88	-
As at the end of the year - E	3.88	-
Total (A+B+C+D+E)	42,594.33	45,352.79

Nature of Reserves:

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

b) General Reserve: General reserve is appropriation of the net profit in respect of reserves created pursuant to the provisions of the Companies Act, 1956 with respect to declaration of dividend. Such mandatory transfer to general reserve is not prescribed under the Companies Act, 2013.

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

	As at 31.03.2019	As at 31.03.2018
As at the beginning of the year	(13.07)	(23.29)
Remeasurements gain/(loss) on defined benefit plans	(21.35)	15.70
Income tax effect on above	7.47	(5.48)
Balance at the end of the year	(26.95)	(13.07)

d) Capital Redemption Reserve: The capital redemption reserve represents the face value (Rs.10) of the shares bought back during the year. This is created by transfer from securities premium.

e) Retained Earning: Retained earnings are the profits that the Company has earned till date, less transfer to general reserve, dividend or other distribution paid to shareholders.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Amount in ` Lakhs

	As at 31.03.2019	As at 31.03.2018
18 PROVISIONS:		
Provision for Income tax (net of advance tax)*	127.10	-
Provision for employee benefits (Refer Note No. 43)	378.27	352.39
TOTAL	505.37	352.39
* Represents provisions (net of tax paid) held for earlier years pending completion of assessments/appellate proceedings.		
19 DEFERRED TAX LIABILITY:		
Deferred tax liability:		
On account of depreciation on Property, plant and equipment	1,507.99	1,678.27
Deferred tax asset:		
On account of timing differences in recognition of expenditure	344.61	335.31
	1,163.38	1,342.96
MAT credit entitlement recognised to the extent the management puts to realise the same	(400.00)	(400.00)
Net deferred tax liability/(asset)	763.38	942.96

Movement of deferred tax liability/(asset)

	Opening balance	Recognition in statement of profit and loss	Recognition in other comprehen-sive income	Closing balance
As on 31st March 2019:				
Deferred tax liability:				
On account of depreciation on property, plant and equipment	1,678.27	(170.28)	-	1,507.99
Deferred tax asset:				
On account of timing differences in recognition of expenditure	335.31	1.83	7.47	344.61
Total deferred tax liability	1,342.96	(172.09)	(7.47)	1,163.38
As on 31st March 2018:				
Deferred tax liability:				
On account of depreciation on property, plant and equipment	1,885.98	(207.71)	-	1,678.27
Deferred tax asset:				
On account of timing differences in recognition of expenditure	345.67	(4.88)	(5.48)	335.31
Total deferred tax liability	1,540.31	(202.83)	5.48	1,342.96

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Amount in ` Lakhs

	As at 31.03.2019	As at 31.03.2018
20 BORROWINGS		
Secured loans:		
Loans repayable on demand		
- rupee loan from banks	1,608.16	1,282.49
- foreign currency loan from banks	4,531.05	5,577.77
TOTAL	6,139.21	6,860.26
Additional Information:		
Details of security for secured loans		
Loans from Bank of Baroda is secured by first pari-passu charge along with Kotak Mahindra Bank on all the current assets of the Company (present and future) excluding the assets created out of project specific BG limit of Rs. 75.27 crores issued by Bank of Baroda.	4639.21	5,234.24
The loans are further collaterally secured as under: -		
1. Exclusive first charge on fixed assets (including land, buildings and plant and machinery) of unit-I of the Company situated at plot nos. 27,28,29 & 30A area, 25304 sq. mts phase-I KIADB Dabaspet Industrial Area, Yedehalli Village, Bengaluru Rural District, Bengaluru.		
2. Exclusive first charge on part of fixed assets (including land, buildings and plant and machinery) of unit-II of the Company situated at Sy.No.59/2, area 4 acres 33 gunta (19526 Sq. mts including 7 gunta kharaba land) Yedahalli Village Dabaspet, Bangalore.		
3. Exclusive first charge on part of fixed assets (including land, buildings and plant and machinery) situated at Unit-II Sy.No. 59/2, Yedehalli Village, Dabaspet, Bangalore Rural District, Bangalore (i.e., 8 acres of land out of 23.33 acres along with the factory buildings constructed there on) of the Company.		
All the above are common securities for all fund based and non-fund based facilities obtained by the Company from Bank of Baroda.		
Loan from Kotak Mahindra Bank is secured by first pari-passu charge with Bank of Baroda on all existing and future receivable/current assets of the Company excluding the assets created out of project specific BG limit of Rs. 75.27 crores issued by the Bank of Baroda.	1,500.00	1,626.02
Loans repayable on demand	4,639.21	5,234.24
Interest at 11.05% p.a. is applicable on Rupee loans from Bank of Baroda which will be reviewed annually		
Interest at 9.20% p.a. is applicable on Rupee loans from Kotak Mahindra Bank which will be reviewed annually		
Interest at 3.50% p.a. is applicable on FCNR Euro Loan from Bank of Baroda which will be rolled over after 6 months.		
Interest at 3.51% p.a. is applicable on FCNR JPY Loan from Bank of Baroda which will be rolled over after 6 months.		

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Amount in ` Lakhs

	As at 31.03.2019	As at 31.03.2018
21 TRADE PAYABLES		
-total outstanding dues of micro enterprises and Small enterprises*	69.18	52.43
-total outstanding dues of creditors other than micro enterprises and Small enterprises	12,665.84	9,711.41
TOTAL	12,735.02	9,763.84
All trade payables are non interest bearing and payable or settled within normal operating cycle of the company		
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	69.18	52.43
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	22.50	17.05
5. Interest due and payable for the period of delay other than (3) above	0.10	0.07
6. Interest accrued and remaining unpaid	0.10	0.07
7. Amount of further interest remaining due and payable in succeeding years	222.13	222.03
The amount due to micro, small and medium enterprises is based on the information received and available with the Company.		
22 OTHER FINANCIAL LIABILITIES		
Unpaid dividends *	1.13	0.85
Outstanding liabilities in respect of accrued expenses	3,181.81	2,235.58
Duties and taxes payable	116.15	168.92
Earnest money deposit	2.15	2.15
Mark to market loss on forward contracts	-	66.07
Employee benefits payable	325.20	430.10
TOTAL	3,626.44	2,903.67
* Does not include any amount which are required to be credited to investor education and protection fund as at the year end.		
23 OTHER CURRENT LIABILITIES		
Advance received from customers	3,170.20	1,525.97
TOTAL	3,170.20	1,525.97
24 PROVISIONS:		
Provision for warranties (Refer Note No 46)	216.89	219.64
Provisions for employee benefits (Refer Note No 43)	75.17	111.68
TOTAL	292.06	331.32
25 CURRENT TAX LIABILITY		
Provision for taxation (net of advance tax)	454.68	333.02
TOTAL	454.68	333.02

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Amount in ` Lakhs

	Year ended 31.03.2019	Year ended 31.03.2018
26 REVENUE FROM OPERATIONS		
Sale of Goods		
- AC generators	36,569.92	35,355.12
- AC generator spares	2,484.84	2,820.12
- Project business- Domestic	842.55	806.28
- Project business- Overseas Branch	3,445.19	5,152.60
Total	43,342.50	44,134.12
Sale of services	1,093.69	568.76
Sale of scrap	703.95	544.65
Total	45,140.14	45,247.53
Less: Inter segmental sales	631.45	1,714.95
TOTAL	44,508.69	43,532.58
27 OTHER INCOME		
Interest income on bank deposits	753.45	958.51
Interest income on financial assets - non convertible debentures carried at amortised cost	44.82	-
Interest income others	-	70.15
Interest on the loan given to subsidiaries	60.60	35.68
Interest income on other financial assets	0.01	0.06
Dividend from investment measured at FVTPL	0.06	0.06
Foreign exchange fluctuation gain (Net of loss)	134.21	546.97
Income from Renting of equipments	73.51	-
Miscellaneous income	15.31	29.16
TOTAL	1,081.97	1,640.59
28 COST OF MATERIALS CONSUMED		
Consumption of raw materials (including Job work charges)	28,894.34	28,482.87
Consumption of stores and spare parts	300.39	280.42
Total	29,194.73	28,763.29
Consumption of major raw materials consists of:		
Copper (wires, strips, rods, sheet etc.)	5,451.92	3,718.52
Steel/ Laminations	6,554.09	4,047.52
Shaft Forgings	1,690.70	1,144.65
Others	15,197.63	19,572.18
TOTAL	28,894.34	28,482.87
29 PURCHASES AND CHANGES IN INVENTORIES OF STOCK IN TRADE		
Inventory at the beginning of the year	168.74	71.15
Add: Purchases for Project Business	2,693.68	3,255.89
Less: Inventory at the end of the year	88.68	168.74
TOTAL	2,773.73	3,158.31

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Amount in ` Lakhs

	Year ended 31.03.2019	Year ended 31.03.2018
30 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS		
Inventory at the end of the year		
Work in progress - A C Generators	4,444.28	3,703.95
Finished goods - A C Generators	52.19	52.19
	4,496.47	3,756.14
Less: Inventory at the beginning of the year		
Work in progress - A C Generators	3,703.95	2,606.41
Finished goods -A C Generators	52.19	295.46
	3,756.14	2,901.87
Net (Increase) / Decrease	(740.33)	(854.27)
31 EXCISE DUTY ON SALE OF GOODS	-	288.98
32 EMPLOYEE BENEFITS EXPENSE:		
Salaries and wages	4,518.19	4,607.49
Contribution to provident and other funds	361.31	385.55
Remuneration to whole time directors including contribution to provident and other Funds (Refer Note No.43)	255.53	392.51
Staff welfare expenses	869.14	1,140.28
TOTAL	6,004.17	6,525.82
33 FINANCE COST		
Interest	252.93	557.30
Foreign exchange difference recorded as an adjustment to borrowing cost	31.36	104.83
TOTAL	284.29	662.13
34 DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation on property, plant and equipment	2,417.09	2,550.81
Amortization of intangible assets	174.01	154.73
TOTAL	2,591.10	2,705.54
35 OTHER EXPENSES		
Power and fuel	666.16	634.74
Rent	31.10	46.81
Reparis and maintenance		
-Buildings	15.97	23.26
- Machinery	194.58	184.80
-Others	46.41	53.92
Insurance	44.67	61.42
Manufacturing expenses	116.42	117.73
Rates and taxes	65.20	80.81
Payment to the auditors		
-auditor fees (including audit of consolidated financial statements)	11.50	11.43
- for Limited review of quarterly financial results including consolidated financial results	5.88	5.75

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Amount in ` Lakhs

	Year ended 31.03.2019	Year ended 31.03.2018
OTHER EXPENSES (Contd)		
-for others services - Certification fees	3.35	-
-out of pocket expenses	0.02	0.07
Legal and professional charges	236.75	319.40
Royalty	6.28	30.31
Travelling and conveyance	1,123.35	1,250.68
Bank charges	279.08	203.10
Software expenses	140.60	201.06
Corporate Social Responsibility (Refer Note No. 49)	30.00	61.50
Directors sitting fees	12.60	7.21
Vehicle maintenance	44.81	48.83
Postage, telegrams and telephones	54.94	72.09
Printing and stationary	36.78	57.76
Carriage, freight and Selling expenses	1,128.85	914.87
Donations	8.14	15.84
Loss on sale of property, Plant and equipments	19.67	0.24
Advertisement	15.31	12.87
Subscription to technical associations, journals and magazines	9.72	9.40
TOTAL	4,348.14	4,425.90

36 CONTINGENT LIABILITIES AND COMMITMENTS

(to the extent not provided for)	As at 31.03.2019	As at 31.03.2018
Contingent Liabilities:		
Performance Guarantees	10,933.35	11,486.38
Performance Guarantees given to customers on behalf of subsidiary companies	92.10	-
Income Tax demand disputed by the company	43.36	15.80

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

Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	159.50	108.67
Commitment towards buyback of shares. This is held in an Escrow account with a bank. (Refer Note No. 13)	92.81	-

37 COMPONENTS OF OTHER COMPREHENSIVE INCOME (OCI) :

Items that will not to be reclassified to profit or loss:		
Re-measurement gains/ (losses) on defined benefit plans	(21.35)	15.70
Income tax on Defined benefit plans		
- Deferred Tax	7.47	(5.48)
Items that will be reclassified to profit or loss:		
Exchange difference on translation of foreign operations	3.88	-
- Current tax		
	(10.00)	10.22

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Amount in ` Lakhs

	Year ended 31.03.2019	Year ended 31.03.2018
38 EARNINGS PER SHARE		
Profit for the year after tax expense	706.92	1,239.29
Weighted average number of equity shares outstanding during the year	3,26,37,209	3,32,37,588
Earnings per share (in `) - Basic and Diluted	2.17	3.73
Face Value of Equity share (in `)	10.00	10.00

39 (a) The reconcilation between current tax and amounts computed by applying the income tax rate :

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Total profit/(loss) before tax (A)	1,134.83	1,711.45
Income tax rate (B)	34.94%	34.61%
Tax expense - (C) = (A) X (B)	396.55	592.30
Add - tax effect of the amounts as under:		
a) Expenses - not deductable for tax purpose	257.54	281.72
b) Tax incentive- deduction for research & development expenditure	(82.75)	(203.84)
c) Deduction allowable under chapter VI-A	(0.52)	(0.67)
d) Other adjustment and rounding off	29.00	5.49
Total (D)	203.26	82.70
Net current tax expense (E) = (C)+(D)	599.82	675.00
Net Current Tax Expense (Rounding off to nearest thousand)	600.00	675.00

39 (b) The reconcilation between deferred tax and amounts computed by applying the income tax rate :

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Deferred tax liabilities at the beginning of the year	1,342.96	1,540.31
Income tax rate (B)	34.94%	34.94%
Tax effect of the amounts as under:		
- Difference between book value and WDV of property, plant and equipment	1,551.31	1,695.24
- Difference between book value and WDV of technical knowhow	(43.32)	(16.97)
- Provision for employee benefit disallowed	(165.92)	(156.68)
- Provision for doubtful debts disallowed	(178.69)	(178.64)
Deferred tax liabilities at the end of the year	1,163.38	1,342.96
Deferred tax expenses in the statement of profit and loss	(172.09)	(202.84)
Deferred tax expenses in the other comprehensive income	7.47	5.48

40 Financial Instruments - Accounting Classifications and Fair value measurements

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

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

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

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

B. Financial Assets / Liabilities Classification:

Amount in ` Lakhs

	Carrying Amount	
	As at 31.03.2019	As at 31.03.2018
Financial Assets at cost less provision for loss:		
Investments in equity instruments of:		
- Indian Subsidiary	600.00	600.00
Financial Assets at cost:		
- Foreign Subsidiaries	1,177.69	1,051.59
Financial assets at fair value through Profit and Loss (FVTPL):		
Investment in equity other than subsidiary - *	0.50	0.50
Financial Assets at amortised cost:		
Cash and cash equivalents	3,377.02	4,247.84
Bank balances other than cash and cash equivalents	8,565.83	4,202.54
Trade receivables net of ECL	21,999.85	18,830.94
Loans	1,248.98	869.32
Investment in Non Convertible Debentures	995.48	-
Other financial assets	930.17	8,924.42
Financial liabilities at amortised cost:		
Short term borrowings	6,139.21	6,860.26
Trade payables	12,735.02	9,763.84
Other financial liabilities	3,626.44	2,903.67

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

C. Financial Risk Management

Objectives and Policies

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

• Credit risk

• Liquidity risk

• Market risk

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

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

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

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Credit Risk

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

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

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

Amount in Lakhs

	As at 31.03.2019	As at 31.03.2018
Total Receivable	21,999.85	18,830.94
Receivable individually in excess of 10% of the business receivable	11,469.25	9,485.30
Percentage of the above receivables to the total receivables of the Company	52.13%	50.37%

Receivables in excess of 10% of individual business receivables represents receivables from three customers/group as at 31st March 2019 and four customers/group as on 31st March 2018.

	As at 31.03.2019
Customer B	12.78%
Customer D	22.85%
Customer E	16.50%

	As at 31.03.2018
Customer A	15.34%
Customer B	12.52%
Customer C	12.29%
Customer D	10.22%

Provision for expected credit losses

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

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

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

Amount in Lakhs

	As at 31.03.2019	As at 31.03.2018
Total Receivable	22,511.07	19,342.16
Provision for credit loss	511.22	511.22
Percentage	2.27%	2.64%

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Reconciliation of loss allowance provision

Amount in Lakhs

	Year ended 31.03.2019	Year ended 31.03.2018
Balance at the beginning of the year	511.22	511.22
Provision for credit loss allowance made during the year	-	-
Provision utilised during the year	-	-
Balance at the end of the year	511.22	511.22

Liquidity risk

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

The company's principal sources of liquidity are cash and cash equivalents, balances with banks and the cash flow that is generated from operations. The cash and cash equivalent and other bank balances aggregates to `12,042.85 lakhs at the end of year (PY - ` 15,770.38 lakhs). In addition the net trade receivables `21,999.85 lakhs (PY `18,830.94 lakhs) at the end of the year. The Company believes that the working capital is sufficient to meet its current requirements. After considering the position of trade receivables along with Cash & Bank Balances. Accordingly, no liquidity risk is perceived.

The following are the contractual maturities of non-derivative financial liabilities due within one year based on contractual cash flows:

Amount in Lakhs

	As at 31.03.2019	As at 31.03.2018
Trade Payables	12,735.02	9,763.84
Short Term borrowings	6,139.21	6,860.26
Other Payables:		
Statutory dues	116.15	168.92
Employee dues	325.20	430.10
Other dues	3,185.09	2,304.65
Total	22,500.67	19,527.77

Market risk

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

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

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

a) The foreign exchange forward contracts outstanding as on 31.03.2019 in respect of Euro is Nil (2018: Rs. 1,453.29 lakhs)

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

In Foreign Currency

Particulars	As on 31.03.2019 (Amount in Lakhs)			
	USD	Euro	JPY	Others
Assets/ Receivables	43.28	58.45	1,267.80	1.30
Liabilities (including advances)	12.36	55.07	1,760.20	0.98

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Rupee Equivalent

Particulars	As on 31.03.2019 (Amount in Lakhs)			
	USD	Euro	JPY	Others
Assets/ Receivables	2,966.02	4,481.53	`784.77	66.89
Liabilities (including advances)	856.63	4,306.64	1,105.23	44.51

In Foreign Currency

Particulars	As on 31.03.2018 (Amount in Lakhs)			
	USD	Euro	JPY	Others
Assets/ Receivables	17.85	38.41	195.72	0.37
Liabilities (including advances)	13.85	53.46	1,797.12	0.97

Rupee Equivalent

Particulars	As on 31.03.2018 (Amount in Lakhs)			
	USD	Euro	JPY	Others
Assets/ Receivables	1,149.67	3,061.43	119.45	24.34
Liabilities (including advances)	902.62	4,346.81	1,112.60	50.12

c) Sensitivity analysis:

Amount in Lakhs

Particulars	Impact on profit or loss (before tax)			
	As on 31st March 2019		As on 31st March 2018	
	Strengthening	Weakening	Strengthening	Weakening
5% Movement in:				
USD	(105.47)	105.47	(12.35)	12.35
EURO	(8.74)	8.74	64.27	(64.27)
JPY	16.02	(16.02)	49.66	(49.66)
Others	(1.11)	1.11	1.29	(1.29)

ii) Interest Rate Risk:

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

D Capital Management:

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

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

The Company's EBITDA is 6.43% as at 31.03.2019 in comparison to 2.81% as at 31.03.2018.

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

41 a. The company does not have any pending litigations which would impact its financial positon as on the reporting date except to the extent disclosed in Note 36.

b. The company does not have any long term contracts including derivative contracts for which there were any material foreseeable losses.

c. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company as on the reporting date.

42 SEGMENT REPORTING

The company's operation comprises of Manufacturing business and project business. Primary segment reporting comprises of manufacturing business & project business segments. Secondary segment reporting is based on geographical location of activities. Under primary segment revenue and direct expenses, which relate to a particular segment and which are identifiable, are reported under that segment.

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

Secondary segment is reported based on the geographical location of the company, viz., India and Japan. Revenues in the secondary segment are based on the sales made by the Branch Office. Inter-segmental purchases 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.

(i) Business segment

(Amount in Lakhs)

Current Year

Sl. No.	Particulars	Primary Segment			Total
		Manufacturing	Project business	Common	
1	Segment Revenues				
	External Revenues	40,797.65	4,342.49	-	45,140.14
	Inter segment revenues	(631.45)	-	-	(631.45)
	Total Revenues	40,166.20	4,342.49	-	44,508.69
2	Segment Results				
	Profit Before Taxation, Interest and Depreciation	3,140.86	123.35	(335.96)	2,928.25
	Less: Interest	284.29	-	-	284.29
	Less: Depreciation and Amortization	2,585.60	2.58	2.92	2,591.10
	Total	270.97	120.77	(338.87)	52.86
3	Unallocable & Other Income (including exceptional items)	638.59	82.27	361.11	1,081.97
	Less: Tax	427.91	-	-	427.91
	Profit after tax	481.65	203.04	22.24	706.92

Previous Year

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

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

SEGMENT REPORTING (CONTD.)

Amount in ` Lakhs

Sl. No.	Particulars	Primary Segment			Total
		Manufacturing	Project business	Common	
4	Segment Assets - Current Year	53,641.53	6,475.76	13,264.32	73,381.61
	Segment Assets - Previous Year	51,983.43	4,180.01	15,526.54	71,689.98
5	Segment Liabilities - Current Year	17,333.28	3,450.49	6,902.59	27,686.36
	Segment Liabilities - Previous Year	14,034.38	1,175.83	7,803.22	23,013.43
6	Capital Expenditure (Gross)	1,126.10	-	-	1,126.10
	Disposal	(262.07)	-	-	(262.07)
	Capital Expenditure (Net of disposal) - Current Year	864.03	-	-	864.03
	Capital Expenditure (Gross)	470.93	-	-	470.93
	Disposal	(8.74)	-	-	(8.74)
	Capital Expenditure (Net of disposal) - Previous Year	462.19	-	-	462.19

(ii) Geographical Segment:

Sl. No.	Particulars	Segment revenue by geographical Market	
		Year ended 31.03.2019	Year ended 31.03.2018
	Sales from India		
	Domestic Sales (including Deemed Export)	26,744.85	25,141.75
	Export Sales	14,950.10	14,953.18
	Sales from Overseas Branch	3,445.19	5,152.60
	Less: Inter-segmental sales	(631.45)	(1,714.95)
	Total	44,508.69	43,532.58

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

Sl. No.	Particulars	Carrying amounts of segment assets		Additions to property, plant and equipment and intangible assets (Net)	
		As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
	Located in India	68,864.27	68,937.49	864.03	462.19
	Located outside India	4,517.34	2,752.49	-	-
	Total	73,381.61	71,689.98	864.03	462.19

(iii) Information about Major customers -

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

	As at 31.03.2019
Customer C	21.27%
Customer D	15.78%
Customer E	12.78%

	As at 31.03.2018
Customer A	17.70%
Customer B	15.18%
Customer C	10.54%

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

43 Disclosure as per Ind AS 19 on 'Employee benefits

A Gratuity - Funded

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

I. Movement in net defined benefit asset on Gratuity plan

	Defined benefit obligation (Amount in Lakhs)		Fair value of plan assets (Amount in Lakhs)		Net defined benefit asset (Amount in Lakhs)	
	31-Mar-2019	31-Mar-2018	31-Mar-2019	31-Mar-2018	31-Mar-2019	31-Mar-2018
Opening balance	789.25	639.74	970.20	768.88	180.95	129.14
Included in profit or loss:						
Current service cost	69.48	64.10	-	-	(69.48)	(64.10)
Interest Income on planned asset	-	-	72.95	61.23	72.95	61.23
Interest cost	56.36	45.77	-	-	(56.36)	(45.77)
Total amount recognised in profit or loss	125.84	109.87	72.95	61.23	(52.89)	(48.64)
Included in OCI:						
Actuarial loss (gain)	21.01	(15.46)	-	-	(21.01)	15.46
Return on plan assets greater/(lesser) than discount rate	-	-	(0.34)	0.24	(0.34)	0.24
Total amount recognised in other comprehensive income	21.01	(15.46)	(0.34)	0.24	(21.35)	15.70
Others *	-	80.75	-	-	-	(80.75)
Contributions paid by the employer	-	-	75.01	165.50	75.01	165.50
Benefits paid	95.68	25.65	95.68	25.65	-	-
Closing balance	840.42	789.25	1,022.14	970.20	181.72	180.95

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

II. Details of Plan assets

	31st March 2019	31st March 2018
Government of India securities (central and state)	-	-
Schemes of insurance - conventional products	100.00%	100.00%
Others	–	–
	100.00%	100.00%

III. Acturial Assumptions

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

	31st March 2019	31st March 2018
Financial assumptions:		
Discount rate	7.60%	7.60%
Salary escalation rate	7.00%	7.00%
Demographic assumptions:		
Retirement age	58 Years	58 Years
Mortality table	Indian Assured Lives Mortality (2006-08) Ult.	
Withdrawal rate % (All ages)	3.00%	3.00%

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Amount in ` Lakhs

IV. Sensitivity analysis

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

	31st March 2019		31st March 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (1% Movement)	(84.18)	100.51	(74.83)	89.64
Salary escalation rate (1% Movement)	95.53	(81.48)	85.06	(72.21)
Withdrawal rate (1% Movement)	5.67	(6.46)	5.10	(5.84)

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

V. Expected benefit payment of the gratuity plan in future years:

	Gratuity (Funded)	
	31st March 2019	31st March 2018
For the year ending:		
Less than 1 year	110.37	149.26
Between 1-2 years	50.55	31.97
Between 2-3 years	37.84	49.84
Between 3-4 years	41.87	37.79
Between 4-5 years	53.18	41.78
Between 5-10 years	469.99	407.34
	763.80	717.98

VI. Risk Exposures

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

B <u>Long term Leave Liability - Unfunded</u>

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

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

	Defined benefit obligation	
	31-Mar-2019	31-Mar-2018
Opening balance	464.07	449.42
Included in profit or loss:		
Current service cost	104.43	103.14
Interest cost	32.69	32.81
Actuarial loss (gain)	(79.91)	(121.30)
Total amount recognised in profit or loss	57.21	14.65
Benefits paid	67.84	-
Closing balance	453.44	464.07

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Amount in ` Lakhs

II. Acturial Assumptions

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

	31st March 2019	31st March 2018
Financial assumptions:		
Discount rate	7.60%	7.60%
Salary escalation rate	7.00%	7.00%
Demographic assumptions:		
Mortality table	100% of Indian Assured Lives Mortality (2006-08)	
Withdrawal rate % (All ages)	3.00%	3.00%
Retirement age	58 years	58 years

44 RELATED PARTY DISCLOSURE

Related Party	Relationship
D F Power Systems Private Limited TD Power Systems USA Inc TD Power Systems Japan Limited TD Power Systems Europe GMBH TD Power Systems Jenerator Sanayi Anonim Sirketi	Subsidiary Company
Ravindu Motors Private Limited Trident Automobiles Private Limited	Companies in which director or/relative of director is interested
Nikhil Kumar, Managing Director Mohib N Khericha, Director K G Prabhakar, Director N Srivatsa, Company Secretary M N Varalakshmi, CFO (w.e.f. 1st July 2018)	Key management personnel

DETAILS OF TRANSACTIONS:

Nature of transactions	Subsidiary Company		Key management personnel	
	Year ended 31.03.2019	Year ended 31.03.2018	Year ended 31.03.2019	Year ended 31.03.2018
<u>Directors Remuneration:</u>				
Nikhil Kumar:				
Short-term employee benefits	-	-	190.47	204.97
Other long term employee benefit	-	-	18.99	21.08
Dividend	-	-	83.50	83.50
K G Prabhakar (upto 30.06.2018)				
Short-term employee benefits	-	-	45.09	55.29
Other long term employee benefit	-	-	0.97	4.03
Dividend	-	-	0.08	0.08
<u>Remuneration to Key Managerial Personnel:</u>				
N Srivatsa				
Short-term employee benefits	-	-	47.62	46.76
Other long term employee benefit	-	-	3.16	3.14
Dividend (below the rounding off amount)	-	-	-	-
M N Varalakshmi *				
Short-term employee benefits	-	-	26.69	-
Other long term employee benefit	-	-	1.71	-
Dividend (below the rounding off amount)	-	-	-	-

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

DETAILS OF TRANSACTIONS - CONTD.

Amount in ` Lakhs

Nature of transactions	Subsidiary Company		Key management personnel	
	Year ended 31.03.2019	Year ended 31.03.2018	Year ended 31.03.2019	Year ended 31.03.2018
Directors Sitting fees				
Mohib N Khericha	-	-	4.10	2.20
D F Power Systems Private Limited				
Management Services to subsidiary (excluding GST)	-	576.43	-	-
Commission on guarantee furnished to subsidiary (excluding GST)	-	1,702.09	-	-

* Remuneration paid from 1st July 2018 is disclosed as it is being the date of appointment.

Nature of transactions	Subsidiary Company		Companies in which director/relative of director is interested	
	Year ended 31.03.2019	Year ended 31.03.2018	Year ended 31.03.2019	Year ended 31.03.2018
TD Power Systems USA Inc				
Sale of Generators and Spares to subsidiary	2,997.98	1,041.92	-	-
Inter-Corporate Loan given to subsidiary during the year	135.04	193.56	-	-
Interest on Inter-Corporate Loan charged	49.15	31.88	-	-
Reimbursement of Bank Guarantee charges	0.02	-	-	-
Amount payable by Holding company	3.73	3.50	-	-
Amount receivable by Holding Company	1,215.29	381.06	-	-
Trade Advance received by Holding Company	173.30	222.79	-	-
Inter-Corporate Loan balance as at the end of year	890.89	709.72	-	-
Maximum amount of loan outstanding during the year	890.89	709.72	-	-
TD Power Systems Europe GMBH				
Sale of Generators and Spares to subsidiary	3,856.08	2,362.67	-	-
Purchase from subsidiary	2.25	37.75	-	-
Inter-Corporate Loan given to subsidiary during the year	-	159.60	-	-
Interest on Inter-Corporate Loan charged	4.60	3.80	-	-
Reimbursement of Bank Guarantee charges	0.38	-	-	-
Amount payable by Holding company	0.47	7.39	-	-
Amount receivable by Holding Company	2,154.10	745.99	-	-
Trade Advance received by Holding Company	305.34	196.11	-	-
Inter-Corporate Loan balance as at the end of year	153.34	159.60	-	-
Investment made during the year	-	153.47	-	-
Maximum amount of loan outstanding during the year	153.34	159.60	-	-
TD Power Systems Jenerator Sanayi Anonim Sirketi				
Sale of Generators and Spares to subsidiary	171.18	-	-	-
Amount receivable by Holding Company	176.28	-	-	-
Investment made during the year	126.10	33.25	-	-
Inter-Corporate Loan given to subsidiary during the year	215.46	-	-	-
Inter-Corporate Loan repaid by subsidiary during the year	21.74	-	-	-
Interest on Inter-Corporate Loan charged	6.85	-	-	-
Reimbursement of Bank Guarantee charges	1.49	-	-	-
Inter-Corporate Loan balance as at the end of year	204.75	-	-	-
Maximum amount of loan outstanding during the year	204.75	-	-	-
Ravindu Motors Private Limited				
Servicing of Vehicles	-	-	3.51	2.50
Trident Automobiles Private Limited				
Servicing of Vehicles	-	-	0.27	0.20

45 Operating Lease:

The Company has various operating leases for office facilities, guesthouse and residential premises of employees that are renewable on a periodic basis, and cancelable at its option. Rental expenses for operating leases included in the financial statements for the year is ` 31.10 lakhs (Previous year ` 46.81 lakhs).

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

(Amount in Lakhs)

	As at 31.03.2019	As at 31.03.2018
Balance outstanding at the beginning of the year	219.64	186.12
Provision for the year	-	33.52
Withdrawn and credited to Statement of Profit and Loss	2.75	-
Balance outstanding at the end of the year	216.89	219.64

47 Subsequent Events:

On 22nd May 2019 (2018: 23rd May 2018) , the Board of Directors of the Company have proposed a dividend of Rs.2.00 (2018: Rs.1.80) per share for the year ended 31st March 2019 subject to approval of shareholders at the Annual General Meeting.

48 Research & Development

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

(Amount in Lakhs)

Nature of expenditure	2018-2019	2017-2018
Capital Expenditure	-	-
Revenue Expenditure (excluding depreciation)		
Employee benefit expenses	470.04	542.01
- Other expenses	3.52	47.00

49 Corporate Social Responsibility

a. Gross amount required to be spent by the company and not spent as at the current year end Nil

b. Cumulative amount spent as at the end of year is:

(Amount in Lakhs)

Towards	Spent	To be spent	Total
1) Construction/acquisition of any asset	-	-	-
2) On purposes other than (1) above (includes ` 30 lakhs spent by the company during the year	208.77	-	208.77

a. Gross amount required to be spent by the company and not spent as at the previous year end Nil

b. Amount spent as at the end of the previous year:

(Amount in Lakhs)

Towards	Spent	To be spent	Total
1) Construction/acquisition of any asset	-	-	-
2) On purposes other than (1) above (includes ` 61.50 lakhs spent by the company during the year)	178.77	-	178.77

50 During the previous year, consequent to closure of the guarantee provided to the Indian Subsidiary, the company has recovered guarantee commission from it's Indian Subsidiary which were restricted by the Bank under the terms of the Guarantee document. The amount of commission so recovered from the subsidiary aggregating to ` 1,702.09 lakhs (excluding tax) has been disclosed under exceptional items in the above financial statements for previous financial year. Exceptional items also include other service charges not recovered from the said subsidiary earlier amounting to ` 511.89 lakhs (excluding tax) which have been recovered during previous year.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

51 During the previous year, Company has evaluated the financial position of its Indian Subsidiary for the purposes of transition to Ind_AS and has accordingly recorded a provision of ` 1,440.75 lakhs being the excess of the carrying value of the investment of the subsidiary over the face value, by debit to the Other Equity as on 1st April 2016. No further provision for impairment in the carrying value of the investments of the subsidiaries in the financial statements is considered necessary as in the view of the management, the diminution in the net assets value of these subsidiaries is not of a permanent nature considering the future business prospect of these subsidiaries

For and on behalf of Board of Directors of
TD Power Systems Limited
CIN No. L31103KA1999PLC025071

Mohib N Khericha
Chairman
DIN: 00010365

M N Varalakshmi
Chief Financial Officer

Nikhil Kumar
Managing Director
DIN:00062243

N Srivatsa
Company Secretary
Membership No. F4699

As per our report of even date attached
For Varma & Varma
Chartered Accountants
Firm Registration No. 004532S

K P Srinivas
Partner
Membership No.208520

Place:Bangalore
Date:22nd May 2019

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

To

THE MEMBERS OF

TD POWER SYSTEMS LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the Consolidated Financial Statements of TD Power Systems Limited (" hereinafter referred as the Holding Company") and its five subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2019, and the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity, the consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind-AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31,2019, its profit, total Comprehensive income, changes in equity and its cash flows for the year then ended.

Basis for Opinion:

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with the requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters:

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report

Revenue Recognition for contracts with customers:

Reasons why the matter was determined to be a key audit matter:

The Company generates a significant portion of the business by manufacturing AC Generators and Electric Motors for various applications which are specifically designed and tailor-made to suit the needs of the customers based on their requirements and specifications. The Company recognises revenue in accordance with IND AS 115 Revenue from contracts with customers, generally when or as the entity satisfies a performance obligation by transferring a promised goods or services to a customer; i.e. when the customer is able to direct the use of the transferred goods or services and obtains substantially all of the remaining benefits, provided a contract with enforceable rights and obligations exists and amongst others collectability of consideration is probable taking into account our customer's creditworthiness. These assessments include, in particular, the scope of deliveries and services required to fulfill contractually defined obligations.

Auditor's response:

As part of our audit, we obtained an understanding of the Company's internally established methods, processes and control mechanisms from order to delivery. We have also assessed the design and operating effectiveness of the internal controls by obtaining an understanding of such business transactions, and testing controls over these processes.

As part of our substantive audit procedures, we evaluated the management's assumptions based on a risk-based selection of a sample of contracts. Detailed substantive testing of sales was carried out to verify the related documents including the documents of dispatch / acknowledgement of acceptance of the goods by the customer. We performed cut-off procedures to ensure that all year-end sale transactions are in compliance with the revenue recognition policy of the Company. The performance obligations are considered to be complete, generally when the customer has accepted the goods.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Management Discussion and Analysis, Board of Directors' report, Corporate Governance Report and other information published along with but does not include the financial statements and our auditor's report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on the work we have performed we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT ON (CONTD.)

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 (the Act) that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind-AS) specified under Section 133 of the Act, read with relevant rules issued thereafter.

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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial 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.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group and of its associated and jointly controlled entities.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. For the entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or

INDEPENDENT AUDITORS' REPORT ON (CONTD.)

regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

Attention is invited to the following:

I. We did not audit the financial statements of one Indian Subsidiary considered in the preparation of the statement, which constitute Net liability of INR 1,919.00 lakhs, Nil revenue and net loss after tax of INR 143.02 lakhs and net cashflows of INR 33.65 lakhs for the year ended March 31, 2019 which has been audited by the auditor of that company whose audit report has been furnished to us, and our opinion on the statement, to the extent they have been furnished to us, and our opinion on the statement, to the extent have been derived from such financial statements is solely on the basis of such report of the other auditor.

ii. We did not audit the special purpose financial statements of four foreign subsidiaries considered in the preparation of the statement, which constitute Net liability of INR 374.06 lakhs, revenue of INR 8,421.00 lakhs, net loss after tax of INR 172.31 lakhs and net cashflows of INR 179.68 Lakhs for the year ended March 31, 2019. The special purpose financial statements of these four foreign subsidiaries prepared for the purpose of consolidation have been audited by an independent firm of Chartered Accountants in India, and our opinion on the statement, to the extent they have been derived from such financial statements is solely on the basis of the audit report on the special purpose financial statements.

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

Report on Other Legal and Regulatory Requirements

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

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   b. In our opinion, proper books of account as required by law relating to the preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   c. The consolidated Balance Sheet, the consolidated Statement of Profit and Loss including Other Comprehensive Income, consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account/ statements maintained for the purpose of preparation of the consolidated financial statements;

   d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;

   e. On the basis of the written representations received from the directors of the holding company as on 31st March, 2019 taken on record by the Board of Directors of the holding company and reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the group companies incorporated in India is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

   f. With respect to the adequacy of the internal financial controls over financial reporting of the group and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'; and

   g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended;

      In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company to its directors during the year is within the limit laid down under the provisions of section 197 of the Act.

   h. With respect to the other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. the group has disclosed pending litigations in its consolidated financial statements, the impact if any on the final settlement of these litigations on its financial position is not ascertainable at this stage – Refer Note No 37 of consolidated financial statements;

      ii. the group has made provision as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivate contracts Refer Note No 39(c)(i) of consolidated financial statements; and

      iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company during the year. There was no amount which was required to be transferred during the year to the Investor Education and Protection Fund by the subsidiary company incorporated in India.

For VARMA & VARMA
Chartered Accountants
FRN 004532S

K.P.SINIVAS
Partner
M. No. 208520

Place: Bangalore
Date : 22-05-2019

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

ANNEXURE REFERRED TO IN PARA 1 (f) "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF THE INDEPENDENT AUDITOR'S REPORT OF REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March 2019, we have audited the internal financial controls over financial reporting of TD Power Systems Limited ("the Holding Company") and its one subsidiary company incorporated in India as of that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the holding company and Board of Directors of the subsidiary company incorporated in India are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and audit evidence obtained by the auditor of the subsidiary company incorporated in India in terms of their report referred to in the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company and its subsidiary company incorporated in India.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that;

1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion and based on the report of the auditors of its subsidiary company incorporated in India, the Holding Company and its subsidiary company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company and its subsidiary company incorporated in India considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to the subsidiary company incorporated in India is based solely on the corresponding report of the auditor of the said subsidiary incorporated in India.

For VARMA & VARMA
Chartered Accountants
FRN 004532S

K.P.SINIVAS
Partner
M. No. 208520

Place: Bangalore
Date : 22-05-2019

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2019

Amount in ` Lakhs

	Note No.	As at 31.03.2019		As at 31.03.2018	
I. ASSETS					
Non - current assets					
Property, plant and equipment	2	19,610.35		20,981.36	
Capital work in progress	3	76.47		0.63	
Intangible assets other than Goodwill	4	171.84		345.84	
Intangible assets under development	5	73.00		62.00	
Financial assets					
Investments	6	995.98		0.50	
Other financial assets	7	268.03		7,693.98	
Other non-current assets	8	1,285.83	22,481.50	1,717.51	30,801.82
Current assets					
Inventories	9	11,263.56		8,165.62	
Financial assets					
Trade receivables	10	22,867.64		18,510.68	
Cash and cash equivalents	11	4,231.38		5,206.54	
Bank balances other than cash and cash equivalents	12	8,565.83		4,311.54	
Other financial assets	13	1,406.25		1,994.32	
Other current assets	14	3,997.90	52,332.56	1,855.56	40,044.26
TOTAL			74,814.06		70,846.08
II. EQUITY AND LIABILITIES					
Equity:					
Equity Share Capital	15	3,100.92		3,323.76	
Other Equity	16	38,451.84	41,552.76	41,617.00	44,940.76
Non - current liabilities					
Provisions	17	505.37		352.39	
Deferred tax liabilities (Net)	18	763.38	1,268.75	942.96	1,295.35
Current Liabilities					
Financial Liabilities:					
Borrowings	19	6,139.21		6,860.26	
Trade payables					
- total outstanding dues of micro enterprises and Small enterprises	20	69.18		52.43	
- total outstanding dues of creditors other than micro enterprises and Small enterprises		16,769.96		11,853.42	
Other financial liabilities	21	4,823.21		3.449.17	
Other current liabilities	22	3,419.93		1,717.19	
Provisions	23	292.84		331.75	
Current tax liabilities - Net	24	478.22	31,992.55	345.75	24,609.97
TOTAL			74,814.06		70,846.08

The accompanying notes forms an integral part of the Consolidated Financial Statements

For and on behalf of Board of Directors of
TD Power Systems Limited
CIN No. L31103KA1999PLC025071

Mohib N Khericha
Chairman
DIN: 00010365

M N Varalakshmi
Chief Financial Officer

Nikhil Kumar
Managing Director
DIN:00062243

N Srivatsa
Company Secretary
Membership No. F4699

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

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

K P Srinivas
Partner
Membership No.208520

Place:Bangalore
Date:22nd May 2019

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

Amount in ` Lakhs

	Note No.	Year ended 31.03.2019		Year ended 31.03.2018	
Revenue from operations	25		45,902.20		43,776.92
Other income	26		915.90		1,588.01
TOTAL REVENUE			46,818.10		45,364.93
Expenses					
Cost of materials consumed	27	29,496.21		28,714.50	
Purchases for Project Business, net of changes in inventories of stock in trade	28	4,609.70		3,158.31	
Changes in inventories of finished goods, work in progress and stock in trade	29	(2,146.50)	31,959.41	(854.27)	31,018.54
Excise duty on sale of goods	30		-		288.98
Employee benefits expense	31		6,607.58		6,934..02
Finance costs	32		284.29		665.56
Depreciation and amortization expense	33		2,598.97		2,711.29
Other expenses	34		4,618.96		4,698.93
TOTAL EXPENSES			46,069.21		46,317.32
Profit/(loss) before tax			748.89		(952.39)
Tax expense:					
Current tax		601.13		676.11	
Deferred tax		(172.09)	429.04	(186.06)	490.05
Profit/(loss) for the year			319.85		(1,442.44)
Other comprehensive income	35				
Items that will not be reclassified to profit or loss					
Remeasurement of Defined Benefit Plans		(21.35)		15.70	
Income tax on Defined Benefit Plans					
- Deferred tax		7.47	(13.88)	(5.48)	10.22
Items that will be reclassified to profit or loss					
Exchange difference on translation of foreign operations		(15.76)		19.75	
Income tax on Exchange difference		-	(15.76)	-	19.75
Total			(29.64)		29.97
Total comprehensive income			290.21		(1,412.47)
Earnings per equity share of Rs. 10/- each:					
Basic & Diluted (in `)	36		0.98		(4.34)

The accompanying notes forms an integral part of the Consolidated Financial Statements

For and on behalf of Board of Directors of
TD Power Systems Limited
CIN No. L31103KA1999PLC025071

Mohib N Khericha
Chairman
DIN: 00010365

M N Varalakshmi
Chief Financial Officer

Nikhil Kumar
Managing Director
DIN:00062243

N Srivatsa
Company Secretary
Membership No. F4699

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

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

K P Srinivas
Partner
Membership No.208520

Place:Bangalore
Date:22nd May 2019

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY AS AT MARCH 31, 2019

Amount in ₹ Lakhs

Particulars	Equity Share Capital (Equity Shares of Rs.10 each issued, subscribed and fully paidup)	Other Equity						Total other equity attributable to equity share holders of the company
		Reserves and surplus						
		Securities Premium	Retained earnings	General reserve	Capital Redemp-tion Reserve	Capital Reserve	Exchange difference on translation of foreign operations	
As at 1st April 2017	3,323.76	20,507.63	19,133.70	3,369.92	-	718.29	-	43,729.54
Profit for the year 1st April 2017 to 31st March 2018	-	-	(1,442.44)	-	-	-	-	(1,442.44)
Remeasurement of defined benefit plans for the year (net of tax)	-	-	10.22	-	-	-	-	10.22
Exchange difference on translation of foreign operations	-	-	19.75	-	-	-	-	19.75
Reclassification of FCTR of foreign subsidiary	-	-	20.00	-	-	-	-	20.00
Dividend including dividend distribution tax (DDT) for the year	-	-	(720.07)	-	-	-	-	(720.07)
As at 31st March 2018	3,323.76	20,507.63	17,021.16	3,369.92	-	718.29	-	41,617.00
As at 1st April 2018	3,323.76	20,507.63	17,021.16	3,369.92	-	718.29	-	41,617.00
Profit for the year 1st April 2018 to 31st March 2019	-	-	319.85	-	-	-	-	319.85
Remeasurement of defined benefit plans for the year	-	-	(13.88)	-	-	-	-	(13.88)
Exchange difference on translation of foreign operations	-	-	-	-	-	-	(15.76)	(15.76)
Equity shares bought back during the year (refer Note No. 15C)	(222.84)	-	-	-	-	-	-	-
Transfer to Capital Redemption Reserve in respect of equity shares bought back during the year in pursuance of Sec.69 of the Companies Act, 2013 (Refer Note No.15C)	-	(222.84)	-	-	222.84	-	-	-
Utilisation of Securities Premium for buyback of equity shares (Refer Note No.15C)	-	(2,673.87)	-	-	-	-	-	(2,673.87)
Expenses on buyback of equity shares (Refer Note No.15C)	-	(60.26)	-	-	-	-	-	(60.26)
Reclassification of FCTR of foreign subsidiary	-	-	(43.12)	-	-	-	43.12	-
Dividend including dividend distribution tax (DDT) for the year	-	-	(721.25)	-	-	-	-	(721.25)
As at 31st March 2019	3,100.92	17,550.66	16,562.76	3,369.92	222.84	718.29	27.36	38,451.83

The accompanying notes forms an integral part of the Consolidated Financial Statements

For and on behalf of Board of Directors of
TD Power Systems Limited
CIN No. L31103KA1999PLC025071

Mohib N Khericha
Chairman
DIN: 00010365

M N Varalakshmi
Chief Financial Officer

Nikhil Kumar
Managing Director
DIN:00062243

N Srivatsa
Company Secretary
Membership No. F4699

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

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

K P Srinivas
Partner
Membership No.208520

Place:Bangalore
Date:22nd May 2019

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31,2019

Amount in ₹ Lakhs

	Year ended 31.03.2019		Year ended 31.03.2018	
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax		748.89		(952.39)
Adjustments for				
Depreciation	2,424.96		2,556.56	
Amortisation	174.01		154.73	
(Profit) / Loss on disposal of Property, Plant and Equipments	19.67		62.42	
Deferred revenue	(9.49)		20.47	
Dividend income	(0.06)		(0.06)	
Interest income on bank deposits	(760.02)		(988.15)	
Interest income accrued on financial assets (Non-convertible debentures)	(44.82)		-	
Interest expenses	252.93		560.73	
Interest income on other financial assets	(0.01)		(0.06)	
Unrealised Foreign Exchange Loss (net)	(162.70)		231.15	
Provision no longer required	(9.07)		-	
Provision for Warranty Claims	(2.75)		33.52	
Provision for Leave Encashment	57.56	1,940.21	(4.29)	2,627.02
Operating profit before Working Capital Changes		2,689.10		1,674.63
Adjustments for				
Decrease/(Increase) in trade receivables	(4,461.98)		(2,345.09)	
Decrease/(Increase) in Other Receivables	1,895.57		5,331.29	
Decrease/(Increase) in inventories	(3,097.94)		(167.39)	
(Decrease)/Increase in Trade Payables	4,963.11		(1,112.39)	
(Decrease)/Increase in other payable	2,976.76	2,275.52	(3,087.02)	(1,380.60)
Cash generated from operations		4, 964.62		294.03
Direct Taxes Paid including TDS		(145.32)		(560.19)
Net Cash from/(used in) Operating Activities		4,819.30		(266.16)
B Cash flow from investing activities				
Payment for property, plant and equipments	(1,199.53)		(719.83)	
Payment for tangible assets under progress	(75.84)		-	
Payment for intangible assets under development	(11.00)		-	
Proceeds from disposal of property, plant and equipments	125.91		(40.21)	
Investments in non-convertible debentures	(995.48)		-	
Dividend received	0.06		0.06	
Interest received on bank deposits	791.48		902.92	
Net Cash from/(used in) investing activities		(1,364.40)		142.94

CONSOLIDATED CASH FLOW STATEMENT (CONTD.)

Amount in ` Lakhs

	Year ended 31.03.2019		Year ended 31.03.2018	
C. Cash flow from financing activities				
Proceeds from Working Capital borrowings (net)	(552.07)		1,948.21	
Equity shares bought back	(2,896.71)		-	
Expenses on buy back of equity shares	(60.26)		-	
Interest paid	(252.93)		(560.73)	
Dividend Paid, including dividend distribution tax	(721.25)		(720.07)	
Net Cash from/(used in) financing activities		(4,483.22)		667.41
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies		68.92		104.77
Net increase/(decrease) in cash and cash equivalents		(959.40)		648.96
Net Foreign exchange difference on translation of foreign operations		(15.76)		19.75
Cash and cash equivalents at the beginning of the year		5,206.54		4,537.83
Cash and cash equivalents at the end of the year		4,231.38		5,206.54
Cash and cash equivalents at the end of the year- constitute				
Balances with banks				
In current accounts		2,685.75		3,302.44
In deposit accounts with less than 3 months maturity		1,030.76		-
In EEFC account		509.89		1,903.53
Cash on hand		4.98		0.57
		4,231.38		5,206.54

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

The accompanying notes forms an integral part of the Consolidated Financial Statements

For and on behalf of Board of Directors of
TD Power Systems Limited
CIN No. L31103KA1999PLC025071

Mohib N Khericha
Chairman
DIN: 00010365

Nikhil Kumar
Managing Director
DIN:00062243

M N Varalakshmi
Chief Financial Officer

N Srivatsa
Company Secretary
Membership No. F4699

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

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

K P Srinivas
Partner
Membership No.208520

Place:Bangalore
Date:22nd May 2019

SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2019

Corporate Information

The Company is incorporated and domiciled in India. Consequent to a Special Resolution of the Members, passed at the Company's Extra Ordinary General Meeting held on 17th January 2011, the Company was converted to a Public Limited Company by altering its Articles of Association in terms of Section 31 read with Section 44 of the Companies Act 1956, and a fresh Certificate of Incorporation dated 4th February 2011 was issued by the Registrar of Companies, Karnataka. The registered office of the Company is located at Dabaspet, Nelamangala Taluk Bangalore - 562 111. The Company is engaged in manufacturing AC Generators and Electric Motors for various applications which are specifically designed and tailor-made to suit the needs of the customers based on their requirements and specifications.

The consolidated financial statements for the year ended March 31, 2019 were approved by the Board of Directors and authorised for issue on May 22, 2019.

The company's subscription to the Share Capital of its Wholly Owned Subsidiaries included in investment under non-current assets as at 31st March 2019 are as follows:-

- 80,100 Equity Shares of USD 10- each in TD Power Systems USA Inc, USA
- 2000 Equity Share of JPY 10,000 each in TD Power Systems Japan Limited, JAPAN
- 550,000 * Equity Share of Euro 1 each in TD Power Systems Europe GmbH, EUROPE
  (* erstwhile Platin 1255 GmbH acquired by the company during January 2016)
- 59,99,998 Equity Shares of Rs.10 each in D F Power Systems Private Limited (excluding shares beneficially held by the Directors of the Company)
- 12,782 shares of Turkish Lira of 100 each in TD Power System Jenerator Sanayi Anonim Sirketi which was incorporated on 21st June 2017

1.1 Statement of Compliance:

a. Principles of Consolidation:

Subsidiaries:

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

The financial statements of the Companies and its subsidiary company has been combined on a line by line basis by adding together like items of assets, liabilities, income and expenses. Inter-company balances and transactions and unrealized profits or losses have been fully eliminated.

The share of equity in the subsidiary company as on the date of investment in excess of cost of investment of the Group, is recognized as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.

1.2 Basis of preparation of consolidated financial statements:

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

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

1.3 Use of estimates and judgments:

The preparation of the financial statements in conformity with recognition and measurement principles of Ind AS requires management of the Company to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses for the period presented. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these consolidated financial statements have been disclosed in Note 1.5. Accounting estimates could change from period to period and actual results could differ from those estimates. Appropriate changes in

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

estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the consolidated financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

1.4 Current versus non-current classification:

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

a An asset is treated as current when it is:

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

All other assets are classified as non-current.

b A liability is treated as current when it is:

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

All other liabilities are classified as non-current.

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

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

1.5 Critical Accounting Estimates:

a. Revenue Recognition:

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

b Property, Plant and Equipment:

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

c Intangible Assets

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

d Investment in subsidiaries

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

e Valuation of deferred tax assets

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

f Provision and Contingent liability

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

g Provision for Credit loss

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

1.6 Revenue Recognition:

The Company recognises revenue, when or as the entity satisfies a performance obligation by transferring a promised goods or services to a customer; i.e. when the customer is able to direct the use of the transferred goods or services and obtains substantially all of the remaining benefits, provided a contract with enforceable rights and obligations exists and amongst others collectability of consideration is probable taking into account the customer's creditworthiness. With regards to the sale of products where delivery is not considered to have occurred, and therefore no revenues are recognized, until the customer has taken title to the products and assumed the risks and rewards of ownership of the products specified in the purchase order or sales agreement. Revenue is the transaction price the company expects to be entitled to. Consideration is adjusted for the time value of money if the period between the transfer of goods or services and the receipt of payment is substantial and there is a significant financing benefit either to the customer or Company. If a contract contains more than one distinct good or service, the transaction price is allocated to each performance obligation based on relative stand-alone selling prices. If stand-alone selling prices are not observable, the Company reasonably estimates those. Revenue is recognized for each performance obligation either at a point in time or over time.

Revenues from services:

Revenues are recognized over time on a straight-line basis or, if the performance pattern is other than straight-line, as services are provided, i.e. under the percentage- of-completion method as described above.

Dividend Income:

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

Interest Income:

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

1.7 Export Incentives:

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

1.8 Property, plant and equipment:

Initial Measurement:

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

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

Capital Work in Progress:

Property, Plant and Equipment which are not yet ready for their intended use are carried at cost, comprising direct cost and related incidental expenses. Advances paid towards acquisition of PPE

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

outstanding at each balance sheet date are classified as Capital advances under other non-current assets.

Depreciation and amortization:

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

ii. Freehold land is not depreciated.

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

The estimated useful lives are as mentioned below:

Type of Assets	Useful Life
Factory Building	30 Years
Non-factory Buildings	60 Years
Plant & Machinery - Double shift basis	10 Years
Office Equipments	5 Years
Furniture and Fixtures	10 Years
Computers	3 Years
Computer Server	6 Years
Communication Equipment	5 Years
Motor Vehicles	8 Years

Derecognition:

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

1.9 Intangible Assets:

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

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

1.10 Research & Development

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

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

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

1.11 Impairment of Assets:

a. Financial assets (other than at fair value):

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

b. Non-Financial Assets:

Tangible and intangible assets

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

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

1.12 Inventories:

Inventories are valued at cost or net realizable value, whichever is lower. Raw materials and bought out items are valued on first in first out basis and includes material cost, carriage inward, insurance and purchase related expenses. Cost in respect of work in progress and finished goods include appropriate portion of overhead. Net realizable value represents the estimated selling price for inventory less all estimated cost of completion and cost necessary to make the sale.

1.13 Employee Benefits:

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

a. Short-term employee benefits:

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

b. Long-term employee benefits -

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

c. Defined Benefit Plans:

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

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

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

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

d. Defined Contribution Plans:

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

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

1.14 Leases:

Finance Lease:

Assets taken on lease by the Company in its capacity as lessee, where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Such leases are capitalized at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is recognised for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

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

Operating Lease:

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

1.15 Income Taxes:

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

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

a. Current Income Taxes:

The current income tax expense includes income taxes payable by the Company and its overseas branches.

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

b. Deferred Income Taxes:

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

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

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

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

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

1.16 Foreign Currency:

a. Functional and presentation currency:

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

b. Initial Recognition:

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

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

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

d. Treatment of exchange differences on monetary items

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

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

1.17 Financial Instruments:

A financial instrument is any contract that give rise to a financial asset of any entity and a financial liability or equity instrument of another entity. Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

i. Cash and Cash equivalents:

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

ii. Financial assets at amortized cost:

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

iii. Financial assets at fair value through profit or loss:

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

iv. Financial liabilities:

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

v. Equity Instrument:

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

vi. De-recognition of financial instruments:

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

vii. Impairment of financial assets:

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

viii. Investments in subsidiary:

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

ix. Fair value of financial instruments:

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

Fair value hierarchy:

All assets and liabilities for which fair value is measured or disclosed in the consolidated

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

financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

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

1.18 Accounting for Derivatives:

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

1.19 Borrowing Cost:

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

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

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

1.20 Government Grants:

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

1.21 Cash Flow statement

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

1.22 Provision and Contingencies:

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

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

Provision for Warranty

Provision for warranty related cost are recognized when the product is sold. Initial recognition is based on historical experience and future estimates of claims by the management. The estimate of such warranty related cost is revised annually.

1.23 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Refer Note 40 for segment information presented.

1.24 Earnings per share:

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

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

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

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

1.25 Dividend Distribution:

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

1.26 IND AS 115 - Revenue from Contracts with Customers

Effective April 1, 2018, the Company has adopted Ind AS 115 using cumulative effective method, the standard applies retrospectively only to the contracts that are not completed as at the date of initial application and the comparative information is not restated in the financial results. The adoption of this standard did not have any material impact on the financial statements for the year ended March, 31 2019.

1.27 Standards issued but not yet effective (IND AS)

On 30 March, 2019, Ministry of Corporate Affairs ('MCA') has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Ind AS 116 Leases that will supersede Ind AS 17 Leases.

The new standard will come into force from 1 April, 2019. The Company is evaluating the requirements of the new standard and its effect on the financial statements.

Ind AS 116 requires lessees to recognize assets and liabilities arising from all leases (except for short-term leases and leases of low-value assets) in the statement of financial position. The company will have to capitalise all assets currently held under operating leases. Operating lease expenses will be replaced by a depreciation expense on Right of Use assets recognised and an interest expense as the implicit interest rate in the lease liabilities unwinds.

The standard allows for two transition methods: retrospectively for all periods presented, or using a modified retrospective approach where the cumulative effect of adoption is recognised at the date of initial application. The Company is evaluating which of these transition methods will be adopted and the consequent impact on the financial statements.

The Companies (Indian Accounting Standards) Amendment Rules 2019 also notified amendments to the following standards. The amendment would be effective from April 1, 2019.

1. Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments.
2. Amendment to Ind AS 19 – plan amendment, curtailment or settlement.

The Company is in the process of evaluating the impact of such amendments.

1.28 The consolidation of financial statement (CFS) present the consolidated accounts of TD Power Systems Limited with its following subsidiaries:

Name of Subsidiary	Country of Incorporation	Proportion of Ownership
DF Power Systems Limited	India	100%
TD Power Systems Japan Limited	Japan	100%
TD Power Systems USA Inc	United States of America	100%
TD Power Systems Europe Gmbh	Germany	100%
TD Power Systems Jenerator Sanayi A.S	Turkey	100%

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

2: PROPERTY, PLANT AND EQUIPMENT

Amount in ` Lakhs

Particulars	GROSS BLOCK				DEPRECIATION				Written Down Value
	As at 01.04.2018	Additions	Disposal	As at 31.03.2019	As at 01.04.2018	For the year	Disposal	As at 31.03.2019	As at 31.03.2019
Free Hold Land	2,761.55	-	-	2,761.55	-	-	-	-	2,761.55
Buildings	11,129.34	37.74	-	11,167.08	2,367.35	358.59	-	2,725.94	8,441.14
Plant and machinery	20,153.98	1,113.53	200.41	21,067.10	11,898.72	1,798.30	72.90	13,624.12	7,442.98
Office equipments	304.48	9.83	7.15	307.16	228.76	19.24	6.75	241.25	65.91
Furniture and fixtures	361.85	3.80	-	365.65	226.24	24.44	-	250.68	114.97
Computers	644.14	34.63	-	678.77	480.12	44.14	-	524.26	154.51
Communication Equipments	22.21	-	-	22.21	17.93	1.32	-	19.25	2.96
Motor vehicles	343.82	-	54.51	289.31	275.10	19.68	36.84	257.94	31.37
TOTAL - A	35,721.37	1,199.53	262.07	36,658.83	15,494.22	2,265.71	116.49	17,643.44	19,015.39

PROPERTY, PLANT AND EQUIPMENT - RESEARCH & DEVELOPMENT

Particulars	GROSS BLOCK				DEPRECIATION				Written Down Value
	As at 01.04.2018	Additions	Disposal	As at 31.03.2019	As at 01.04.2018	For the year	Disposal	As at 31.03.2019	As at 31.03.2019
Plant and machinery	1,600.92	-	-	1,600.92	846.71	159.25	-	1,005.96	594.96
TOTAL - B	1,600.92	-	-	1,600.92	846.71	159.25	-	1,005.96	594.96
TOTAL - C=A+B	37,322.29	1,199.53	262.07	38,259.75	16,340.93	2,424.96	116.49	18,649.40	19,610.35

PROPERTY, PLANT AND EQUIPMENT

Particulars	GROSS BLOCK				DEPRECIATION				Written Down Value
	As at 01.04.2017	Additions	Disposal	As at 31.03.2018	As at 01.04.2017	For the year	Disposal	As at 31.03.2018	As at 31.03.2018
Free Hold Land	2,753.07	8.48	-	2,761.55	-	-	-	-	2,761.55
Buildings	11,129.34	-	-	11,129.34	1,997.28	370.07	-	2,367.35	8,761.99
Plant and machinery	19,881.58	304.47	32.09	20,153.96	10,052.00	1,819.16	12.25	11,858.92	8,295.04
Office equipments	297.79	7.00	0.30	304.49	198.87	29.72	0.19	228.40	76.09
Furniture and fixtures	363.94	1.68	3.77	361.85	202.60	26.74	3.72	225.62	136.22
Computers	505.89	149.95	11.70	644.14	426.28	66.35	10.79	481.84	162.29
Communication equipments	22.21	-	-	22.21	15.76	1.42	-	17.18	5.03
Motor vehicles	354.66	-	10.83	343.83	240.58	44.03	9.52	275.10	68.74
TOTAL - A	35,308.47	471.58	58.69	35,721.36	13,133.39	2,357.49	36.46	15,454.42	20,266.94

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

PROPERTY, PLANT AND EQUIPMENT - RESEARCH & DEVELOPMENT

Amount in ` Lakhs

Particulars	GROSS BLOCK				DEPRECIATION				Written Down Value
	As at 01.04.2017	Additions	Disposal	As at 31.03.2018	As at 01.04.2017	For the year	Disposal	As at 31.03.2018	As at 31.03.2018
Plant and machinery	1,600.92	-	-	1,600.92	687.45	199.07	-	886.52	714.40
TOTAL - B	1,600.92	-	-	1,600.92	687.45	199.07	-	886.52	714.40
TOTAL - C=A+B	36,909.39	471.58	58.69	37,322.28	13,820.84	2,556.56	36.46	16,340.94	20,981.34

Note:

The borrowing and non fund based facilities from Bank of Baroda is secured by way of:

(1) Exclusive first charge on fixed assets (including Land, Buildings and Plant and Machinery) of Unit-I of the company situated at plot nos.27,28,29 & 30A area, 25304 sq. mts Phase-I KIADB Dabaspet Industrial Area, Yedehalli Village, Bengaluru Rural District, Bengaluru.

(2) Exclusive first charge on part of fixed assets (including Land, Buildings and Plant and Machinery) of Unit-II of the company situated at Sy.No.59/2, area 4 acres 33 gunta (19526 Sq. mts including 7 gunta kharaba land) Yedahalli Village Dabaspet, Bangalore.

(3) Exclusive first charge on part of fixed assets (including land, Buildings and Plant and Machinery) situated at Unit-II Sy.No. 59/2 Yedehalli Village, Dabaspet Bangalore Rural District, Bangalore (i.e., 8 acres of land out of 23.33 acres along with the factory building constructed there on) of the company.

		As at 31.03.2019	As at 31.03.2018
3	CAPITAL WORK-IN-PROGRESS		
	Plant and Machinery	75.84	-
	Land	0.63	0.63
	TOTAL	76.47	0.63
4	INTANGIBLE ASSETS - (OTHER THAN GOODWILL)		
	Technical know-how		
	Gross Block (At Deemed Cost)	870.05	615.78
	Additions during the year	-	254.27
	Gross Block at the end of the year (A)	870.05	870.05
	Accumulated amortisation at the beginning of the year	524.20	369.47
	Amortisation for the year	174.01	154.74
	Accumulated amortisation at the end of the year (B)	698.21	524.21
	NET CARRYING VALUE (A-B)	171.84	345.84
5	INTANGIBLE ASSETS UNDER DEVELOPMENT		
	Technical know-how	73.00	62.00
	TOTAL	73.00	62.00

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Amount in ` Lakhs

FINANCIAL ASSETS

6 INVESTMENTS

	Details of Investments	Number of Securities		Amount in Lakhs	
		As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
	Non current investments*				
A	Investments in Non-convertible Debentures carried at amortised cost - (quoted)				
	Tata Capital Financial Services Limited	1,00,000	-	995.48	-
B	Investment carried at fair value through Profit and Loss (FVTPL)				
	Investments in Equity Shares - (fully paid up) (unquoted)				
	The Shamrao Vithal Co-operative Bank limited (Cost per share is Rs.25)	2,000	2,000	0.50	0.50
	Total (A+B)	1,02,000	2,000	995.98	0.50

Additional Information:		
Aggregate Carrying value of quoted Non-convertible debentures	995.48	-
Market value of quoted Non Convertible Debentures	1,047.97	-
Aggregate carrying value of unquoted shares	0.50	0.50

7 OTHER FINANCIAL ASSETS:

(Unsecured , considered good)		
Other receivables	114.37	179.95
Bank deposits with more than 12 months maturity	100.00	7,320.00
Balance with government authorities - VAT Refund receivable	53.66	194.03
TOTAL	268.03	7,693.98

8 OTHER NON CURRENT ASSETS:

Capital advances*	1,103.57	1,359.67
Advance payment of tax (net)	-	176.35
Gratuity- Excess of fair value of plan assets over defined benefit obligation	182.26	181.49
TOTAL	1,285.83	1,717.51

* The company has entered into an agreement/MOU for purchase of land during 2009 & 2010 and accordingly, amount aggregating to Rs. 3,372.75 lakhs was paid from time to time in pursuance of this agreement. Pending execution of sale deed and completion of certain works related to the land the balance amount is carried under capital advance. The management of the company is of the view that considering the nature of the transaction, the registration of the sale of the land would be completed in due course and on completion, the said amount would be capitalised. The total advances of Rs.1,101.31 lakhs (PY Rs.1,301.31 lakhs) represents Rs.401.31 lakhs (PY Rs.601.31 lakhs) towards approx. 7.5 acres (PY 10 acres) of land and Rs.700 lakhs (PY Rs.700 lakhs) towards development cost of the land. The management of the company does not expect any significant further cash outflow towards the acquisition except for the cost of registration and related expenses.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Amount in ` Lakhs

		As at 31.03.2019	As at 31.03.2018
9	INVENTORIES		
	Raw materials	5,060.04	4,023.74
	Work in progress	4,653.77	3,703.95
	Finished goods	52.19	52.19
	Finished goods at subsidiary	1,225.71	100.77
	Stock in trade	88.68	168.73
	Goods in transit:		
	Raw materials	183.17	116.24
	TOTAL	11,263.56	8,165.62
	(Refer accounting policy No. 1.12 for valuation of inventories)		
10	TRADE RECEIVABLES		
	Trade receivables	23,378.86	19,021.90
	Less: Expected credit loss allowance (on trade receivables considered doubtful) Refer Note 39(c)	511.22	511.22
	Trade receivables considered good	22,867.64	18,510.68
	Additional information:		
	Receivable, considered good and covered under letter of credit	935.62	1,892.92
	Unsecured, considered good	21,932.02	16,617.76
	TOTAL	22,867.64	18,510.68
11	CASH AND CASH EQUIVALENTS:		
	Balances with banks:		
	In current accounts	2,685.75	3,302.44
	In deposit accounts with less than 3 months maturity	1,030.76	-
	In EEFC account	509.89	1,903.53
	Cash on hand	4.98	0.57
	TOTAL	4,231.38	5,206.54
12	Bank balances other than cash and cash equivalents:		
	Balance in unclaimed dividend account	1.13	0.85
	Balance in escrow account for buyback of shares	169.87	-
	Bank deposits with less than 12 months maturity	6,813.14	2,729.00
	Deposits (Under lien) with bank as Margin money towards bank guarantee	1,581.69	1,581.69
	TOTAL	8,565.83	4,311.54
13	OTHER FINANCIAL ASSETS:		
	(Unsecured , Considered good)		
	Security Deposit for rented premises	24.77	45.10
	Balance with government authorities - GST/ED Refund receivable	988.95	1,602.71
	Interest accrued on term deposits	108.71	95.35
	Interest accrued on Non Convertible Debentures	44.82	-
	Accrued Export incentives	188.54	216.74
	Unbilled revenue	11.67	2.18
	Employee advance	38.79	32.24
	TOTAL	1,406.25	1,994.32
14	OTHER CURRENT ASSETS:		
	Security Deposit	0.53	2.85
	Earnest money deposit	4.85	4.85
	Advance paid to suppliers (other than capital advances)	1,841.32	1,065.54
	Balance with government authorities - Input tax credit	1,431.71	577.88
	Prepaid expenses	217.30	176.39
	Expenditure tax - (Relating to foreign operations)	153.57	28.05
	Others	348.62	-
	TOTAL	3,997.90	1,855.56

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Amount in ` Lakhs

	As at 31.03.2019	As at 31.03.2018
15 EQUITY SHARE CAPITAL		
Authorized Capital		
Equity shares of Rs.10/- each		
Number of Equity Shares	3,50,00,000	3,50,00,000
Amount of Equity Share Capital (in Rs.)	3,500.00	3,500.00
Issued, subscribed and fully paid up capital		
Equity shares of Rs.10/- each		
Number of Equity Shares	3,32,37,588	3,32,37,588
Amount of Equity Share Capital (in Rs.)	3,323.76	3,323.76
Reconciliation of the number of equity shares outstanding and the amount of equity share capital at the beginning and at the end of the year		
Number of Equity Shares		
Shares outstanding at the beginning of the year	3,32,37,588	3,32,37,588
Shares bought back during the year (Refer Note No. 15c)	22,28,365	-
Shares outstanding at the end of the year	3,10,09,223	3,32,37,588
Amount of Equity Share Capital:		
Share capital outstanding at the beginning of the year	3,323.76	3,323.76
Shares bought back during the year (Refer Note No. 15c)	222.84	-
Share capital outstanding at the end of the year	3,100.92	3,323.76

Other Information:

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

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

III For the period of five years immediately preceding the date as at which the Consolidated Balance Sheet is prepared, there were:

a. No shares allotted pursuant to a contract without consideration being received in cash.

b. No shares allotted as fully paid up by way of bonus shares.

c. The Board of Directors of the Company, at its meeting held on September 26, 2018, have approved Buy-back of fully paid up Equity Shares of face value of Rs.10 each for an aggregate amount not exceeding Rs.30 Crores (Rupees Thirty Crores only) at a price not exceeding Rs.256/- (Rupees Two Hundred Fifty Six Only) per Equity Share from the shareholders of the Company via the "open market" route through the stock exchanges under the SEBI Buy-back Regulations 2018 and the Companies Act 2013 (as amended from time to time).

The Company published the Public Announcement on September 28, 2018 for the Buy-back offer. As of the year ended March 31, 2019 the Company has purchased from open market through Stock Exchanges 22,29,965 Equity Shares out of which 21,05,479 Equity Shares (i.e. Equity Shares bought back up to March 15, 2019) have been extinguished in terms of Regulation 21 r/w Regulation 11 of the SEBI Buy Back Regulations 2018 . The extinguishment of equity shares as of March 31, 2019 has resulted in change of 6.33% in the Paid up capital of Company.

The remaining 122,886 Equity Shares (bought back during March 18, 2019 to March 28, 2019) and 1,600 Equity Shares (bought back on March 29, 2019) were extinguished on April 02, 2019 and April 10, 2019 respectively. As on 10th April, 2019 the Company has extinguished all the shares bought back which is about 6.93% of paid up capital of the Company."

IV There were no shares reserved for issue under options and contracts/commitments for the sale of shares/disinvestment.

V There were no calls unpaid or forfeited shares.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Amount in ` Lakhs

VI Particulars of equity share holders holding more than 5% of the total paid up equity share capital:	As at 31.03.2019		As at 31.03.2018	
	%	No of shares	%	No of shares
a. Saphire Finman Services LLP (Saphire Finman Services Private Limited)	16.21%	50,26,433	15.12%	50,26,433
b. Nikhil Kumar	14.96%	46,38,664	13.96%	46,38,664
c. Mohib N Khericha	12.03%	37,30,960	11.23%	37,30,960
d. Hitoshi Matsuo	10.43%	32,35,254	9.73%	32,35,254
e. Reliance Capital Trustee Company Limited	9.79%	30,37,197	8.88%	29,50,000
f. Sundaram Mutual Fund	6.31%	19,57,562	5.80%	19,27,718

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

	As at 31.03.2019	As at 31.03.2018
16 OTHER EQUITY		
Reserves & Surplus:		
Capital Reserve		
As at the beginning of the year (Refer Note No. 1.1)	718.29	718.29
As at the end of the year - A	718.29	718.29
Securities Premium		
As at the beginning of the year	20,507.63	20,507.63
Less: Utilised for equity shares which were bought back	2,673.87	-
Less: Transfer to Capital Redemption Reserve	222.84	-
Less: Expenses on buyback of equity shares	60.26	-
As at the end of the year - B	17,550.66	20,507.63
Capital Redemption Reserve		
As at the beginning of the year	-	-
Add: Transfer from Securities Premium for shares bought back during the year	222.84	-
As at the end of the year - C	222.84	-
General Reserve		
As at the beginning of the year	3,369.92	3,369.92
As at the end of the year - D	3,369.92	3,369.92
Retained earnings		
As at the beginning of the year	17,021.17	19,133.70
Less: Dividend (Rs.1.80 per share (Previous year: Rs.1.80 per share)) including dividend distribution tax	(721.25)	(720.07)
Add: profit/(loss) for the year	319.85	(1,442.44)
Add/(less): Remeasurement of defined benefit plan for the year	(13.88)	10.22
Add/(less): Exchange difference on translation of foreign operations	-	19.75
Add: Reclassification of FCTR of foreign subsidiaries	(43.12)	20.00
As at the end of the year - E	16,562.77	17,021.16
Other Comprehensive Income:		
Exchange difference on translation of foreign operations (Refer Note No. 1.16)		
Reclassification of the Exchange difference on translation of foreign operations	43.12	-
Transferred from statement of profit and loss	(15.76)	-
As at the end of the year - F	27.36	-
Total (A+B+C+D+E+F)	38,451.84	41,617.00

Nature of Reserve:

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

b) General Reserve: General reserve is appropriation of the net profit in respect of reserves created pursuant to the provisions of the Companies Act, 1956 with respect to declaration of dividend. Such mandatory transfer to general reserve is not prescribed under the Companies Act, 2013.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Amount in ` Lakhs

	As at 31.03.2019	As at 31.03.2018
c) The Remeasurements gains in respect of employee benefits included under retained earnings are as under:		
As at the beginning of the year	(15.98)	(26.20)
Remeasurements gain/(loss) on defined benefit plans	(21.35)	15.70
Income tax effect on above	7.47	(5.48)
Balance at the end of the year	(29.86)	(15.98)

d) Capital Redemption Reserve: The capital redemption reserve represents the face value (Rs.10) of the shares bought back during the year. This is created by transfer from securities premium.

e) Retained Earning: Retained earnings are the profits that the Company has earned till date, less transfer to general reserve, dividend or other distribution paid to shareholders.

17 PROVISIONS:

	As at 31.03.2019	As at 31.03.2018
Income tax provision (net of advance tax)*	127.10	-
Provision for employee benefits (Refer Note No. 41)	378.27	352.39
TOTAL	505.37	352.39

*Represents provisions (net of tax paid) held for earlier years pending completion of assessments / appellate proceedings.

18 DEFERRED TAX LIABILITY:

	As at 31.03.2019	As at 31.03.2018
Deferred tax liability:		
On account of depreciation on Property, plant and equipment	1,507.99	1,678.27
Deferred tax asset:		
On account of timing differences in recognition of expenditure	344.61	335.31
Net Deferred tax liability/(asset)	1,163.38	1,342.96
MAT credit entitlement recognised to the extent the management puts to realise the same	(400.00)	(400.00)
Deferred tax liability net of MAT credit	763.38	942.96

Movement of Deferred tax liability/(asset)

Particulars	Opening Balance	Recognition in statement of profit and loss	Recognition in other comprehensive income	Closing Balance
As on 31st March 2019:				
Deferred tax liability:				
On account of depreciation on property, plant and equipment	1,678.27	(170.28)	-	1,507.99
Deferred tax asset:				
On account of timing differences in recognition of expenditure	335.31	1.83	7.47	344.61
Total deferred tax liability	1,342.96	(172.11)	(7.47)	1,163.38
As on 31st March 2018:				
Deferred tax liability:				
On account of depreciation on property, plant and equipment	1,871.44	(193.17)	-	1,678.27
Deferred tax asset:				
On account of timing differences in recognition of expenditure	347.90	(7.11)	(5.48)	335.31
Total Deferred tax liability	1,523.54	(186.06)	5.48	1,342.96

Amount in ` Lakhs

	As at 31.03.2019	As at 31.03.2018
19 BORROWINGS		
Secured loans:		
Loans repayable on demand		
- rupee loan from banks	1,608.16	1,282.49
- foreign currency loan from banks	4,531.05	5,577.77
TOTAL	6,139.21	6,860.26
Additional Information:		
Details of security for secured loans:		
Loans from Bank of Baroda is secured by first pari-passu charge along with Kotak Mahindra Bank on all the current assets of the Parent Company (present and future) excluding the assets created out of project specific BG limit of Rs. 75.27 crores issued by Bank of Baroda.		
The loans are further collaterally secured as under: -		
1. Exclusive first charge on fixed assets (including land, buildings and plant and machinery) of Unit-I of the Parent Company situated at plot nos. 27,28,29 & 30A area, 25304 sq. mts phase-I KIADB Dabaspet Industrial Area, Yedehalli Village, Bengaluru Rural District, Bengaluru.		
2. Exclusive first charge on part of fixed assets (including land, buildings and plant and machinery) of Unit-II of the parent company situated at Sy.No.59/2, area 4 acres 33 gunta (19526 Sq. mts. including 7 gunta kharaba land) Yedahalli Village, Dabaspet, Bangalore.		
3. Exclusive first charge on part of fixed assets (including land, buildings and plant and machinery) situated at Unit-II Sy.No. 59/2, Yedehalli Village, Dabaspet, Bangalore Rural District, Bangalore (i.e., 8 acres of land out of 23.33 acres along with the factory buildings constructed there on) of the Parent Company.		
All the above are common securities for all fund based and non-fund based facilities obtained by the Parent Company from Bank of Baroda.		
Loan from Kotak Mahindra Bank is secured by first pari-passu charge with Bank of Baroda on all existing and future receivable/current assets of the Parent Company excluding the assets created out of project specific BG limit of Rs. 75.27 crores issued by the Bank of Baroda.	1,500.00	1,626.02
Loans repayable on demand	4,639.21	5,234.24
Interest at 11.05% p.a. is applicable on Rupee loans from Bank of Baroda which will be reviewed annually		
Interest at 9.20% p.a. is applicable on Rupee loans from Kotak Mahindra Bank which will be reviewed annually		
Interest at 3.50% p.a. is applicable on FCNR Euro Loan from Bank of Baroda which will be rolled over after 6 months.		
Interest at 3.51% p.a. is applicable on FCNR JPY Loan from Bank of Baroda which will be rolled over after 6 months.		

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Amount in ` Lakhs

	As at 31.03.2019	As at 31.03.2018
20 TRADE PAYABLES		
total outstanding dues of micro enterprises and Small enterprises*	69.18	52.43
total outstanding dues of creditors other than micro enterprises and Small enterprises	16,769.96	11,853.42
TOTAL	16,839.14	11,905.85
All trade payables are non interest bearing and payable or settled within normal operating cycle of the company		
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 group are as under:		
1. Principal amount due and remaining unpaid	69.18	52.43
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	22.50	17.05
5. Interest due and payable for the period of delay other than (3) above	0.10	0.07
6. Interest accrued and remaining unpaid	0.10	0.07
7. Amount of further interest remaining due and payable in succeeding years	264.57	264.47
*The amount due to Micro, Small and Medium Enterprises is based on the information received and available with the group.		
21 OTHER FINANCIAL LIABILITIES		
Unclaimed dividends *	1.13	0.85
Outstanding liabilities in respect of accrued expenses	4,368.61	2,780.83
Duties and taxes payable	126.12	169.17
Earnest Money Deposit	2.15	2.15
Mark to market loss in respect of foreign exchange forward contracts	-	66.07
Employee benefits payable	325.20	430.10
TOTAL	4,823.21	3,449.17
* Does not include any amount which are required to be credited to investor education and protection fund as at the year end.		
22 OTHER CURRENT LIABILITIES		
Advance received from customers	3,419.93	1,717.19
TOTAL	3,419.93	1,717.19
23 PROVISIONS:		
Provision for warranties (Refer Note No 45)	216.89	219.64
Provisions for employee benefits (Refer Note No 41)	75.95	112.11
TOTAL	292.84	331.75
24 CURRENT TAX LIABILITIES (NET)		
Provision for taxation (net of advance tax)	478.22	345.75
TOTAL	478.22	345.75

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Amount in ` Lakhs

	Year ended 31.03.2019	Year ended 31.03.2018
25 REVENUE FROM OPERATIONS		
Sale of Goods		
- AC generators	36,569.92	35,355.12
- AC generator spares	2,484.84	2,820.12
- Power Project business Inland	842.55	806.28
- Power Project business Overseas Branch	3,445.19	5,152.60
- Power Business Overseas	8,421.00	3,680.71
Total	51,763.50	47,814.83
Sale of services	1,093.69	568.76
Sale of scrap	703.95	544.65
Total	53,561.14	48,928.24
Less: Intersegmental sales	631.45	1,714.95
Inter company sales	7,027.49	3,436.37
TOTAL	45,902.20	43,776.92
26 OTHER INCOME		
Interest income on bank deposits	760.02	988.15
Interest income on financial assets - non convertible debentures carried at amortised cost	44.82	-
Interest income others	-	70.15
Interest income on other financial assets	0.01	0.06
Dividend from investment measured at FVTPL	0.06	0.06
Profit on sale of fixed assets (Net)	-	0.04
Foreign exchange fluctuation gain (Net of loss)	9.41	415.04
Provision no longer required	9.07	80.30
Income from Renting of equipments	73.51	-
Other non operating income (net of expenses directly attributable to such income)	19.00	34.21
TOTAL	915.90	1,588.01
27 COST OF MATERIALS CONSUMED		
Consumption of raw materials	29,195.82	28,434.08
Consumption of stores and spare parts	300.39	280.42
Total	29,496.21	28,714.50
Consumption of major raw materials consists of:		
Copper (wires, strips, rods, sheet etc.)	5,451.92	3,718.52
Steel/ Laminations	6,554.09	4,047.52
Shaft Forgings	1,690.70	1,144.65
Others	15,499.11	19,523.39
TOTAL	29,195.82	28,434.08

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Amount in ` Lakhs

		Year ended 31.03.2019	Year ended 31.03.2018
28	PURCHASES AND CHANGES IN INVENTORIES OF STOCK IN TRADE		
	Inventory at the beginning of the year	168.74	71.15
	Add: Purchases for Projects Business	4,529.65	3,255.89
	Less: Inventory at the end of the year	88.68	168.74
	TOTAL	4,609.70	3,158.31
29	CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS		
	Inventory at the end of the year		
	Work in progress - A C Generators	4,653.77	3,703.95
	Finished goods - A C Generators	52.19	52.19
	Finished goods - A C Generators at subsidiary	1,297.45	-
	TOTAL	6,003.41	3,756.14
	Less: Inventory at the beginning of the year		
	Work in progress - A C Generators	3,703.95	2,606.41
	Finished goods -A C Generators	52.19	295.46
	Finished goods - A C Generators at subsidiary	100.77	-
		3,856.91	2,901.87
	Net (Increase) / Decrease	(2,146.50)	(854.27)
30	Excise Duty on Sale of Goods	-	288.98
31	EMPLOYEE BENEFITS EXPENSE:		
	Salaries and wages	5,070.45	4,990.69
	Contribution to provident and other funds	361.64	385.80
	Remuneration to whole time directors including contribution to provident and other Funds (Refer Note No.41)	255.53	392.51
	Staff welfare expenses	919.96	1,165.02
	TOTAL	6,607.58	6,934.02
32	FINANCE COST		
	Interest	252.93	560.73
	Foreign exchange difference recorded as an adjustment to borrowing cost	31.36	104.83
	TOTAL	284.29	665.56
33	DEPRECIATION AND AMORTISATION EXPENSE		
	Depreciation on property, plant and equipments	2,424.96	2,556.56
	Amortization of intangible assets	174.01	154.73
	TOTAL	2,598.97	2,711.29
34	OTHER EXPENSES		
	Power and fuel	666.16	634.74
	Rent	58.19	67.53
	Repairs and maintenance		
	-Buildings	15.97	23.26
	- Machinery	194.69	185.10
	-Others	48.50	83.42
	Insurance	59.87	83.82

OTHER EXPENSES (CONTD.)

Amount in ` Lakhs

	Year ended 31.03.2019	Year ended 31.03.2018
Manufacturing expenses	142.32	117.73
Rates and taxes	78.38	92.88
Payment to the auditors (including auditors of subsidiary companies)		
-auditor fees (including audit of consolidated financial statements)	12.50	12.43
- for Limited review of quarterly financial results including consolidated financial results	5.88	5.75
-for taxation matters	0.50	0.50
-for other services - Certification fees	4.10	0.75
-out of pocket expenses	0.02	0.07
Legal and professional charges	333.58	407.09
Royalty	6.28	30.31
Travelling expenses	1,161.57	1,304.17
Bank charges	290.03	210.73
Software Expenses on ERP	140.60	201.06
Corporate Social Responsibility	30.00	61.50
Director Sitting fees	14.60	12.56
Maintenance of Vehicles	54.95	62.46
Postage, Telegrams and Telephones	64.31	82.05
Printing and stationary	38.55	59.09
Carriage, freight and Selling expenses (Refer Note No. 47)	1,129.32	891.08
Donations	8.14	15.84
Loss on sale of fixed asset	19.67	0.39
Advertisement	24.81	20.73
Subscription to Technical Associations, Journals and Magazines	11.35	10.97
Miscellaneous Expenses	4.12	20.92
TOTAL	4,618.96	4,698.93

35 COMPONENTS OF OTHER COMPREHENSIVE INCOME (OCI) :

Items that will not to be reclassified to profit or loss:		
Re-measurement gains/(losses) on defined benefit plans	(21.35)	15.70
Income tax on Defined benefit plans		
- Deferred Tax	7.47	(5.48)
Items that will be reclassified to profit or loss:		
Exchange difference on translation of foreign operations	(15.76)	19.75
- Current tax	-	-
TOTAL	(29.64)	29.97

36 EARNINGS PER SHARE

Profit for the year after tax expense	319.85	(1,442.44)
Weighted average number of equity shares	3,26,37,209	3,32,37,588
Earnings per share (in `) Basic and Diluted	0.98	(4.34)
Face Value of share (in `)	10.00	10.00

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Amount in ` Lakhs

	As at 31.03.2019	As at 31.03.2018
37 CONTINGENT LIABILITIES AND COMMITMENTS:		
(to the extent not provided for)		
Contingent Liabilities:		
Performance Guarantees	10,933.35	11,486.38
Performance Guarantees given by parent company to customers on behalf of subsidiary companies	92.10	-
Income Tax demand disputed by the parent company	43.36	15.80

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

	As at 31.03.2019	As at 31.03.2018
Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	159.50	108.67
Commitment towards buyback of shares (This is held in an escrow account with bank-Refer Note 12)	92.81	-

38 (a) The reconciliation between current tax and amounts computed by applying the income tax rate :

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Total profit/(loss) before tax (A)	1,134.83	1,711.45
Income tax rate (B)	34.61%	34.61%
Tax expense - (C) = (A) X (B)	396.55	592.30
Add - Tax effect of the amounts as under:		
a) Expenses - Not Deducted	257.54	281.72
b) Tax incentive- deduction for research & development expenditure	(82.75)	(203.84)
c) Deduction allowable under chapter VI-A	(0.52)	(0.67)
d) Other adjustment and rounding off	29.18	5.49
Total (D)	203.44	82.70
Tax Provision in Foreign Subsidiary	1.13	1.11
Net current tax expense (E) = (C)+(D)	601.13	676.11

38 (b) The reconcilation between deferred tax and amounts computed by applying the income tax rate :

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Deferred tax liabilities at the beginning of the year	1,342.96	1,523.53
Income tax rate (B)	34.94%	34.94%
Tax effect of the amounts as under:		
- Difference between book value and WDV of fixed assets	1,551.31	1,695.24
- Difference between book value and WDV of technical knowhow	(43.32)	(16.97)
- Provision for employee benefit disallowed	(165.92)	(156.68)
- Provision for doubtful debts disallowed	(178.69)	(178.64)
Deferred tax liabilities at the end of the year	1,163.38	1,342.95
Deferred tax expenses in the statement of profit and loss	(172.09)	(186.06)
Deferred tax expenses in the other comprehensive income	7.47	(5.48)

39 Financial Instruements - Accounting Classifications and Fair value measurements

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

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

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

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

Amount in ` Lakhs

B. Financial Assets / Liabilities Classification:

Particulars	Carrying Amount	
	As at 31.03.2019	As at 31.03.2018
Financial assets at fair value through Profit and Loss (FVTPL):		
Investment in equity other than subsidiary - *	0.50	0.50
Financial Assets at amortised cost:		
Cash and cash equivalents	4,231.38	5,206.54
Bank balances other than cash and cash equivalents	8,565.83	4,311.54
Trade receivables	22,867.64	18,510.68
Other financial assets	1,674.28	9,688.30
Investment in Non Convertible Debentures	995.48	-
Financial liabilities at amortised cost:		
Short term borrowings	6,139.21	6,860.26
Trade payables	16,839.14	11,905.85
Other financial liabilities	4,823.21	3,449.17

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

C. Financial Risk Management

Objectives and Policies

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

• Credit risk

• Liquidity risk

• Market risk

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

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

All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the entity's policy that no trading in derivatives for speculative purpose to be undertaken. The Board of Directors review and agree policies for managing each of these risks, which are summarised below.

Credit Risk

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

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

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

Amount in ` Lakhs

	As at 31.03.2019	As at 31.03.2018
Total Receivable	22,867.64	18,510.68
Receivable individually in excess of 10% of the business receivable	7,839.20	9,485.30
Percentage of the above receivables to the total receivables of the Company	34.28%	51.24%

Receivables in excess of 10% of individual business receivables represents receivables from three customers/group as at 31st March 2019 and four customers/group as on 31st March 2018.

	As at 31.03.2019
Customer B	12.30%
Customer D	21.98%

	As at 31.03.2018
Customer A	15.60%
Customer B	12.74%
Customer C	12.50%
Customer D	10.40%

Provision for expected credit losses

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

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

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

Amount in ` Lakhs

	As at 31.03.2019	As at 31.03.2018
Total Receivable	23,378.86	19,021.90
Provision for credit loss	511.22	511.22
Percentage	2.19%	2.69%

Reconciliation of loss allowance provision

Amount in ` Lakhs

	As at 31.03.2019	As at 31.03.2018
Balance at the beginning of the year	511.22	511.22
Provision for credit loss allowance made during the year	-	-
Provision utilised during the year	-	-
Balance at the end of the year	511.22	511.22

Liquidity risk

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

The company's principal sources of liquidity are cash and cash equivalents, balances with banks and the cash flow that is generated from operations. The cash and cash equivalent and other bank balances aggregates to `12,897.21 lakhs at the end of year (PY - ` 16,838.08 lakhs). In addition the net trade receivables as at the year end was `22,867.64lakhs (PY `18,510.68 lakhs). The Company believes that the working capital is sufficient to meet its current requirements after considering the position of trade receivables along with cash & Bank balances. Accordingly, no liquidity risk is perceived.

The following are the contractual maturities of non-derivative financial liabilities due within one year based on contractual cash flows:

Amount in ` Lakhs

	As at 31.03.2019	As at 31.03.2018
Trade Payables	16,839.14	11,905.85
Short Term Borrowings	6,139.21	6,860.26
Other Payables:		
Statutory dues	126.12	169.17
Employee dues	325.20	430.10
Other dues	4,371.89	2,849.90
Total	27,801.56	22,215.28

Market risk

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

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

i) Foreign currency risk exposure -: The parent company's and its Indian Subsidiaries exposure to foreign currency risk at the end of reporting year, are as follows:

a) The foreign exchange forward contracts outstanding as on 31.03.2019 in respect of Euro is Nil (2018: Rs. 1,453.29 lakhs)

b) The foreign currency exposures that are not hedged by a derivative instrument or otherwise are as under:

In Foreign Currency

Particulars	As at 31.03.2019 (Amount in Lakhs)			
	USD	Euro	JPY	Others
Assets/ Receivables	43.28	58.45	1,267.80	1.30
Liabilities (including advances)	39.95	55.07	1,760.20	0.98

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Rupee Equivalent

Particulars	As at 31.03.2019 (Amount in Lakhs)			
	USD	Euro	JPY	Others
Assets/Receivables	2,966.20	4,481.53	787.77	66.89
Liabilities (including advances)	2,776.09	4,306.64	1,105.23	44.51

In Foreign Currency

Particulars	As at 31.03.2018 (Amount in Lakhs)			
	USD	Euro	JPY	Others
Assets/Receivables	17.85	38.41	195.72	0.37
Liabilities (including advances)	33.97	53.46	1,797.12	0.97

Rupee Equivalent

Particulars	As at 31.03.2018 (Amount in Lakhs)			
	USD	Euro	JPY	Others
Assets/Receivables	1,149.67	3,061.43	119.45	24.34
Liabilities (including advances)	2,195.59	4,346.81	1,112.60	50.12

c) Sensitivity analysis:

A strengthening or weakening of the Indian Rupee, as indicated below, against the USD, Euro, JPY and others as at 31st March 2019 would have increased (decreased) profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis is performed on the same basis for previous year, even though the actual foreign exchange rate variances were different.

Particulars	Impact on profit or loss (before tax)			
	As at 31.03.2019		As at 31.03.2018	
	Strengthening	Weakening	Strengthening	Weakening
5% Movement in:				
USD	(9.50)	9.50	(12.35)	12.35
EURO	(8.74)	8.74	64.27	(64.27)
JPY	16.02	(16.02)	49.66	(49.66)
Others	(1.12)	1.12	1.29	(1.29)

ii) Interest Rate Risk:

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

D Capital Management:

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

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

The Company's EBITDA excluding other income is 5.92% as at 31.03.2019 in comparison to 1.91% as at 31.03.2018.

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

40 SEGMENT REPORTING

The company's operation comprises of Manufacturing business and Project Business. Primary segment 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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

SEGMENT REPORTING (CONTD.)

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 and Europe. Revenues in the secondary segment are based on the sales made by the branch office or subsidiaries.. Inter-segmental purchases and sales are separately identified and reported. Property, plant and Equipment, Current Assets including Cash and Bank accounts, and Current Liabilities are identified based on the branch office or subsidiary to which they relate and are reported accordingly.

(i) Business segment

Amount in ` Lakhs

Current Year

	Particulars	Primary Segment				
		Manufacturing	Project Business	EPC	Common	Total
1	Segment Revenues					
	External Revenues	47,286.05	6,275.09	-	-	53,561.14
	Inter segment revenues	(631.45)	-	-	-	(631.45)
	Inter company	(7,027.49)	-	-	-	(7,027.49)
	Total Revenues	39,627.11	6,275.09	-	-	45,902.20
2	Segment Results					
	Profit Before Taxation, Interest and Depreciation	3,141.27	(60.98)	(158.22)	(205.82)	2,716.25
	Less: Interest	284.29	-	-	-	284.29
	Less: Depreciation and Amortization	2,593.47	2.58	-	2.92	2,598.97
	Total	263.51	(63.56)	(158.22)	(208.74)	(167.01)
3	Unallocable & Other Income	587.02	82.71	-	246.17	915.90
	Less: Tax	427.91	1.13	-	-	429.04
	Profit after tax	422.62	18.02	(158.22)	37.43	319.85

Previous Year

	Particulars	Primary Segment				
		Manufacturing	Project Business	EPC	Common	Total
1	Segment Revenues					
	External Revenues	42,813.96	6,114.28	-	-	48,928.24
	Intersegment revenues	(1,714.95)	-	-	-	(1,714.95)
	Intercompany	(3,436.37)	-	-	-	(3,436.37)
	Total Revenues	37,662.64	6,114.28	-	-	43,776.92
2	Segment Results					
	Profit Before Taxation, Interest and Depreciation	1,397.14	(70.21)	(112.36)	(378.12)	836.45
	Less: Interest	662.13	-	3.43	-	665.56
	Less: Depreciation and Amortizations	2,703.75	2.58	2.04	2.92	2,711.29
	Total	(1,968.74)	(72.79)	(117.83)	(381.04)	(2,540.40)
3	Unallocable & Other Income (including extra-ordinary items)	889.93	13.59	-	684.49	1,588.01
	Less: Tax	472.16	1.11	-	16.78	490.05
	Total Profit	(1,550.97)	(60.31)	(117.83)	286.67	(1,442.44)
4	Segment Assets - Current Year	54,763.02	8,676.21	0.70	11,374.13	74,814.06
	Segment Assets - Previous Year	51,523.24	4,531.84	1.19	14,789.81	70,846.08
5	Segment Liabilities - Current Year	17,999.43	5,556.10	2,780.62	6,925.15	33,261.30
	Segment Liabilities - Previous Year	14,159.13	1,250.44	2,679.37	7,816.38	25,905.32

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

SEGMENT REPORTING (CONTD.)

Amount in ` Lakhs

	Particulars	Primary Segment				Total
		Manufacturing	Project Business	EPC	Common	
6	Capital Expenditure (Gross)	1,199.53	-	-	-	1,199.53
	Disposal	(262.07)	-	-	-	(262.07)
	Capital Expenditure (Net of disposal) - Current Year	937.46	-	-	-	937.46
	Capital Expenditure (Gross)	471.58	-	-	-	471.58
	Disposal	(58.69)	-	-	-	(58.69)
	Capital Expenditure (Net of disposal) - Previous Year	462.84	-	(49.95)	-	412.89

(ii) Geographical Segment:

	Particulars	Segment revenue by geographical Market	
		Year ended 31.03.2019	Year ended 31.03.2018
	Sales from India		
	Domestic Sales (including Deemed Export)	26,744.85	25,141.75
	Export Sales	14,950.10	14,953.18
	Sales of Overseas Branch and Subsidiary	11,866.19	8,833.31
	Less: Inter-segmental sales	(631.45)	(1,714.95)
	Less: Inter-company sales	(7,027.49)	(3,436.37)
	Total	45,902.20	43,776.92

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

	Particulars	Carrying amounts of segment assets		Additions to property, plant and equipment and intangible assets (Net)	
		As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
	Located in India	63,176.11	65,750.97	864.03	412.24
	Located outside India	11,637.95	5,095.11	73.43	0.65
	Total	74,814.06	70,846.08	937.46	412.89

(iii) Information about Major customers -

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

Particualrs	As at 31.03.2019
Customer C	20.63%
Customer E	12.39%

Particualrs	As at 31.03.2018
Customer A	17.60%
Customer B	15.10%
Customer C	10.49%

Amount in ` Lakhs

41 Disclosure as per Ind AS 19 on 'Employee benefits

A Gratuity - Funded

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

i. Movement in net defined benefit asset on Gratuity plan

Particulars	Defined benefit obligation		Fair value of plan assets		Net defined benefit asset	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Opening balance	789.25	639.74	970.20	768.88	180.95	129.14
Included in profit or loss:						
Current service cost	69.48	64.10	-	-	(69.48)	(64.10)
Interest Income on planned asset	-	-	72.95	61.23	72.95	61.23
Interest cost	56.36	45.77	-	-	(56.36)	(45.77)
Total amount recognised in profit or loss	125.84	109.87	72.95	61.23	(52.89)	(48.64)
Included in OCI:						
Actuarial loss (gain)	21.01	(15.46)	-	-	(21.01)	15.46
Return on plan assets greater/(lesser) than discount rate	-	-	(0.34)	0.24	(0.34)	0.24
Total amount recognised in other comprehensive income	21.01	(15.46)	(0.34)	0.24	(21.35)	15.70
Others *	-	80.75	-	-	-	(80.75)
Contributions paid by the employer	-	-	75.01	165.50	75.01	165.50
Benefits paid	95.68	25.65	95.68	25.65	-	-
Closing balance	840.42	789.25	1,022.14	970.20	181.72	180.95

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

ii. Details of Plan assets

	31.03.2019	31.03.2018
Government of India securities (central and state)	-	-
Schemes of insurance - conventional products	100.00%	100.00%
Others (including Fixed Deposits and Special Deposits)	-	-
	100.00%	100.00%

iii. Acturial Assumptions

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

	31.03.2019	31.03.2018
Financial assumptions:		
Discount rate	7.60%	7.60%
Salary escalation rate	7.00%	7.00%
Demographic assumptions:		
Retirement age	58 Years	58 Years
Mortality table	Indian Assured Lives Mortality (2006-08) Ult.	
Withdrawal rate % (All ages)	3.00%	3.00%

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Amount in ` Lakhs

IV. Sensitivity analysis

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

	31.03.2019		31.03.2018	
	Increase	Decrease	Increase	Decrease
Discount rate (1% Movement)	(84.18)	100.51	(74.83)	89.64
Salary escalation rate (1% Movement)	95.53	(81.48)	85.06	(72.21)
Withdrawal rate (1% Movement)	5.67	(6.46)	5.10	(5.84)

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

V. Expected benefit payment of the gratuity plan in future years:

	Gratuity (Funded)	
	31.03.2019	31.03.2018
For the year ending:		
Less than 1 year	110.37	149.26
Between 1-2 years	50.55	31.97
Between 2-3 years	37.84	49.84
Between 3-4 years	41.87	37.79
Between 4-5 years	53.18	41.78
Between 5-10 years	469.99	407.34
	763.80	717.98

VI. Risk Exposures

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

B Long term Leave Liability - Unfunded

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

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

	Defined benefit obligation	
	31.03.2019	31.03.2018
Opening balance	464.50	456.65
Included in profit or loss:		
Current service cost	104.78	103.57
Interest cost	32.69	32.81
Actuarial loss (gain)	(79.91)	(121.30)
Total amount recognised in profit or loss	57.56	15.08
Benefits paid	67.84	7.23
Closing balance	454.22	464.50

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Amount in ` Lakhs

II. Acturial Assumptions

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

	31.03.2019	31.03.2018
Financial assumptions:		
Discount rate	7.60%	7.60%
Salary escalation rate	7.00%	7.00%
Demographic assumptions:		
Mortality table	100% of Indian Assured Lives Mortality (2006-08)	
Withdrawal rate % (All ages)	3.00%	3.00%
Retirement age	58 years	58 years

42 RELATED PARTY DISCLOSURE

Related Party	Relationship
Ravindu Motors Private Limited Trident Automobiles Private Limited	Companies in which director/ relative of director is interested
Nikhil Kumar, Managing Director Mohib Khericha, Director K G Prabhakar, Director N Srivatsa, Company Secretary M N Varalakshmi, CFO (w.e.f. 1st July 2018)	Key management personnel

DETAILS OF TRANSACTIONS:

Nature of transactions	Companies in which director/relative of director is interested		Key management personnel	
	Year ended 31.03.2019	Year ended 31.03.2018	Year ended 31.03.2019	Year ended 31.03.2018
Directors Remuneration:				
Nikhil Kumar:				
Short-term employee benefits	-	-	225.78	204.97
Other long term employee benefit	-	-	18.99	21.08
Dividend	-	-	83.50	83.50
K G Prabhakar (upto 30.06.2018)				
Short-term employee benefits	-	-	45.09	55.29
Other long term employee benefit	-	-	0.97	4.03
Dividend	-	-	0.08	0.08
Remuneration to Key Managerial Personnel:				
N Srivatsa				
Short-term employee benefits	-	-	47.62	46.76
Other long term employee benefit	-	-	3.16	3.14
Dividend (below the rounding off amount)	-	-	-	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Amount in ` Lakhs

Nature of transactions	Companies in which director/relative of director is interested		Key management personnel	
	Year ended 31.03.2019	Year ended 31.03.2018	Year ended 31.03.2019	Year ended 31.03.2018
M N Varalakshmi *				
Short-term employee benefits	-	-	26.69	-
Other long term employee benefit	-	-	1.71	-
Dividend (below the rounding off amount)	-	-	-	-
Directors Sitting fees				
Mohib Khericha	-	-	4.90	3.80
Nikhil Kumar	-	-	0.60	
Ravindu Motors Private Limited -	-			
Servicing of Vehicles	3.51	2.50	-	
Trident Automobiles Private Limited				
Servicing of Vehicles	0.27	0.20	-	-

* Remuneration paid from 1st July 2018 is disclosed as it is being the date of appointment.

43 Operating Lease:

The group has various operating leases for office facilities, guesthouse and residential premises of executives 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 ` 58.19 lakhs (Previous year ` 67.53 lakhs).

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NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

44 a The Group does not have any pending litigations which would impact its financial positon as on the reporting date except to the extent disclosed in Note 37

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 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.

Amount in ` Lakhs

Name of the entities in consolidated financial statement	Net Assets i.e., total assets minus total liabilities		Share in profit or Loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of Consolidated net assets	Amount (in Lakhs)	As % of Consolidated profit or loss	Amount (in Lakhs)	As % of Consolidated other comprehen sive- income	Amount (in Lakhs)	As % of Consolidated total comprehen-sive income	Amount (in Lakhs)
1	2	3	4	5	6	7	8	9
Parent								
TD Power Systems Limited	109.97%	45,695.25	221.02%	706.91	33.74%	(10.00)	240.15%	696.91
TD Power Systems Limited - Previous Year	108.31%	48,676.55	-85.92%	1,239.30	34.10%	10.22	-88.46%	1,249.52
Subsidiaries								
India								
DF Power Systems Private Limited	-4.62%	(1,919.00)	-44.72%	(143.02)	0.00%	-	-49.28%	(143.02)
DF Power Systems Private Limited- Previous Year	-3.95%	(1,775.98)	159.67%	(2,303.16)	0.00%	-	163.06%	(2,303.16)
Foreign								
TD Power Systems USA Inc	-1.80%	(748.36)	-4.11%	(13.15)	106.88%	(31.68)	-15.45%	(44.83)
TD Power Systems USA Inc - Previous Year	-1.57%	(703.53)	15.01%	(216.49)	-39.81%	(11.93)	16.17%	(228.42)
TD Power Systems Japan Limited	0.23%	94.84	-57.85%	(185.02)	-8.91%	2.64	-62.85%	(182.38)
TD Power Systems Japan Limited - Previous Year	0.62%	277.22	7.78%	(112.28)	66.73%	20.00	6.53%	(92.28)
TD Power Systems Europe GmbH	0.35%	146.97	6.45%	20.63	-46.79%	13.87	11.89%	34.50
TD Power Systems Europe - GmbH - Previous Year	0.25%	112.47	0.19%	(2.70)	40.71%	12.20	-0.67%	9.50
TD Power Systems Jenerator Sanayi Anonim Sirketi	0.32%	132.49	1.64%	5.23	15.08%	(4.47)	0.26%	0.76
TD Power Systems Jenerator Sanayi Anonim Sirketi- Previous Year	0.01%	5.63	1.88%	(27.09)	-1.74%	(0.52)	1.96%	(27.62)
Consolidation adjustments	-4.45%	(1,849.43)	-22.43%	(71.74)	0.00%	-	-24.72%	(71.74)
Consolidation adjustments- Previous Year	-3.68%	(1,651.60)	1.39%	(20.01)	0.00%	-	1.42%	(20.00)
Total	100.00%	41,552.76	100.00%	319.84	100.00%	(29.64)	100.00%	290.20
Total - Previous Year	100.00%	44,940.76	100.00%	(1,442.43)	100.00%	29.97	100.00%	(1,412.47)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Amount in ` Lakhs

45 Provision for warranties towards sale of goods are made an estimated basis. During the year, the Company has made provisions towards Warranty claims, the details of the same are as under:

	Warranty claims	
	As at 31.03.2019	As at 31.03.2018
Balance outstanding at the beginning	219.64	186.12
Provision for the reporting period	-	33.52
Utilized during the reporting period	-	-
Withdrawn and credited to Statement of Profit and Loss	2.75	-
Balance outstanding at the end of the reporting period	216.89	219.64

46 Subsequent Events:

On 22nd May 2019 (2018: 23rd May 2018) the Board of Directors of the Company have proposed a dividend of Rs.2.00 (2018: Rs.1.80) per share in respect of the year ended 31st March 2019 subject to approval of shareholders at the Annual General Meeting.

47 Corporate Social Responsibility

a. Gross amount required to be spent by the company and not spent as at the current year end - Nil

b. Cumulative amount spent as at the end of year is:

(Amount in Lakhs)

Towards	Spent	To be spent	Total
1) Construction/acquisition of any asset	-	-	-
2) On purposes other than (1) above (includes Rs. 30 lakhs, spent by the company during the year)	208.77	-	208.77

a. Gross amount required to be spent by the company and not spent as at the previous year end - Nil

b. Amount spent as at the end of previous year:

(Amount in Lakhs)

Towards	Spent	To be spent	Total
1) Construction/acquisition of any asset	-	-	-
2) On purposes other than (1) above (includes Rs. 61.50 lakhs, spent by the company during the year)	178.77	-	178.77

For and on behalf of Board of Directors of
TD Power Systems Limited
CIN No. L31103KA1999PLC025071

Mohib N Khericha
Chairman
DIN: 00010365

M N Varalakshmi
Chief Financial Officer

Nikhil Kumar
Managing Director
DIN:00062243

N Srivatsa
Company Secretary
Membership No. F4699

As per our report of even date attached
For Varma & Varma
Chartered Accountants
Firm Registration No. 004532S

K P Srinivas
Partner
Membership No.208520

Place:Bangalore
Date:22nd May 2019

www.tdps.co.in

TD Power Systems Limited
REGISTERED OFFICE & FACTORY:
27, 28 and 29, KIADB Industrial Area
Dabaspet, Nelamangala Taluk
Bengaluru Rural District
Bengaluru – 562 111 India