

Date: September 03, 2020

The Corporate Service
Department
BSE Limited
P J Towers, Dalal Street
Mumbai – 400 001

The Listing Department
**The National Stock Exchange of India
Ltd.**
Exchange Plaza, Bandra- Kurla Complex
Bandra (East)
Mumbai 400 051

TD Power Systems Limited
(CIN -L31103KA1999PLC025071)
REGISTERED OFFICE & FACTORY:
27, 28 and 29, KIADB Industrial Area
Dabaspet, Nelamangala Taluk
Bengaluru Rural District
Bengaluru – 562 111 India

Tel +91 80 229 95700 / 6633 7700
Fax +91 80 2773 4439 / 2299 5718
Mail tdps@tdps.co.in
www.tdps.co.in

Sirs,

**SUB: SUBMISSION OF ANNUAL REPORT FOR THE FINANCIAL YEAR 2019-20 AND NOTICE OF THE 21ST
ANNUAL GENERAL MEETING OF THE COMPANY**

We wish to inform you that, the 21st Annual General Meeting (AGM) of the Company will be held on Friday 25th day of September 2020 at 11.30 A.M. through Video Conferencing ("VC") / Other Audio-Visual Means.

Pursuant to regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015), please find enclosed Annual Report for the FY 2019-20 along with the Notice of 21st AGM of the Company.

Kindly take the above in your records.

Yours faithfully,
For **TD Power Systems Limited**


N. Srivatsa 3/09/2020
Company Secretary



Encl: A/a

NOTICE

Notice is hereby given that the **Twenty-First Annual General Meeting (AGM)** of the Members of TD Power Systems Limited (Company) will be held **on Friday 25th day of September 2020 at 11.30 A.M. through Video Conferencing ("VC") / Other AudioVisual Means ("OAVM")**, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company (including consolidated financial statements) for the financial year ended March 31, 2020, together with the Reports of the Board of Directors and Auditors' thereon.
2. To confirm the payment of Interim Dividend (Rs.1.50 per share) and declare final dividend (Rs.0.75 per share) for the financial year ended March 31, 2020.
3. To appoint a Director in place of Mr. K G Prabhakar (DIN: 07187463) who retires by rotation and being eligible seeks re-appointment.

SPECIAL BUSINESS

4. To ratify remuneration payable to the Cost Auditors for the financial year 2020-21 and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

RESOLVED THAT, pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit & Auditors) Rules, 2014 (including any statutory modification or re-enactment(s) thereof, for the time being in force) M/s. Rao, Murthy & Associates, Cost Auditors (Firm Registration No.000065) appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year ending March 31, 2021, be paid the remuneration as

set out in the Statement annexed to the Notice convening this Meeting.

5. To Approve payment of remuneration to the Managing Director of the Company and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

RESOLVED THAT pursuant to the provisions of Section 196, 197 Schedule V and other applicable provisions, if any of the Companies Act, 2013 and rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force) and based upon the recommendation of Board of Directors and Nomination and Remuneration Committee, approval of the Company be and is hereby accorded for payment of the remuneration (as minimum remuneration) to Mr. Nikhil Kumar, Managing Director of the Company for the financial year 2019-20 and remainder period of his term (upto January 16, 2021) as set out in the explanatory statement annexed to the Notice of convening this Meeting.

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

6. To re-appoint Managing director of the Company for a further term of five years and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

RESOVLED THAT pursuant to the provisions of Section 196, 197, 203, Schedule V and other applicable provisions, if any of the Companies Act, 2013 ("the Act") (including any statutory modification or re-enactment thereof for the time being in force) read with the Companies

(Appointment and Remuneration of Managerial Personnel) Rules 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended from time to time and based upon the recommendation of Board of Directors and Nomination and Remuneration Committee, Mr. Nikhil Kumar (DIN:00062243) be and is hereby re-appointed as Managing Director of the Company with effect from January 17, 2021 for a period of five years (up to January 16, 2026) on the terms & conditions of appointment including payment of remuneration, perquisites & other benefits including the remuneration to be paid in the event of loss or inadequacy of profit in any financial year during the tenure of his

appointment, as set out in the Explanatory Statement annexed to the Notice of convening this Meeting.

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

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

Bangalore
August 06, 2020

N. Srivatsa
Company Secretary

NOTES

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circular dated May 05, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as “MCA Circulars”) permitted the holding of the Annual General Meeting (“AGM”) through VC / OAVM, without the physical presence of the Members. In compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and MCA Circulars, the AGM of the Company is being held through VC / OAVM. Since the AGM will be held through VC/OAVM, the Route Map is not annexed to this Notice. The instructions for attending the AGM through VC/OAVM is provided under Note No.17 of the Notice.
2. The explanatory statement pursuant to Section 102 of the Companies Act, 2013 (Act) in respect of the special business set out in this Notice and the relevant details pursuant to SEBI Listing Regulations are annexed hereto.
3. The relevant details, pursuant to regulations 26(4) and 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and Secretarial Standard on General Meetings issued by The Institute of Company Secretaries of India, in respect of Director seeking re-appointment at this AGM is annexed.
4. A member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his / her behalf and the proxy need not be a Member of the Company. Since the AGM is being held in accordance with the Circulars through VC, the facility for appointment of proxies by the Members will not be available for this AGM. Accordingly, the Proxy Form and Attendance Slip are not annexed to this Notice.
5. Mr. Sudhir V. Hulyalkar, Company Secretary in Practice (CP No. 6137), Bangalore has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner. After the conclusion of voting at the AGM, the Scrutinizers will submit a report after taking into account votes cast at the AGM and through remote e-voting in accordance with provisions of Rule 20 of Companies (Management and Administration) Rules, 2014, as amended. The consolidated results

- in respect of voting along with the Scrutinizer's Report will be sent to the Stock Exchanges and will also be hosted on website of the Company.
6. Members of the Company under the category of Institutional Investors are encouraged to attend and vote at the AGM through VC. Corporate Members intending to authorize their representatives to participate and vote at the meeting are requested to send a certified copy of the Board resolution/authorization letter to the Scrutinizer at his email id sudhir.compsec@gmail.com or to the Company at the email id Srivatsa.n@tdps.co.in or upload on the VC portal/e-voting portal (CDSL).
 7. Participation of Members through VC will be reckoned for the purpose of quorum for the AGM as per section 103 of the Companies Act, 2013 ("the Act").
 8. In compliance with the aforesaid Circulars, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those members whose email addresses are registered with the Company/Depositories. Members may note that the Notice and Annual Report for the year 2019-20 will also be available on the Company's website at <http://tdps.co.in/investor-relations/information-pack/financial-information/annual-reports/> and websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively.
 9. Members are required to immediately inform the Company's Registrars and Transfer Agents, Link Intime India Private Limited, C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083, Tel No: +91 22 49186000, in case of shares held in physical form and to the respective Depository Participants, in case of shares held in dematerialized/electronic form, the details about their email addresses, if any, so that all notices and other statutory documents which are required to be sent to the members, as per the provisions of the Companies Act, 2013 and SEBI Regulations, can be sent to their registered email addresses.
 10. The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. Instructions and other information relating to e-voting are given in this Notice under Note No.16. The voting facility through electronic voting system shall be made available during the AGM and members attending the meeting through VC who have not cast their vote by remote e-voting shall be able to exercise their right during the meeting through electronic voting system.
 11. Pursuant to Finance Act, 2020, dividend income will be taxable in the hands of shareholders w.e.f. April 1, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof.
- The aforementioned forms for tax exemption can be downloaded from Link Intime's website. The URL for the same is as under:
- <https://www.linkintime.co.in/client-downloads.html> - On this page select the General tab. All the forms are available in under the head "Form 15G/15H/10F"
- The aforementioned documents (duly completed and signed) are required to be uploaded on the url mentioned as follows; <https://linkintime.co.in/formsreg/submission-of-form-15g-15h.html>.
- On this page the user shall be prompted to select / share the following information to register their request:
- I. Select the company (Dropdown)

- II. Folio / DP-Client ID
- III. PAN
- IV. Financial year (Dropdown)
- V. Form selection
- VI. Document attachment – 1 (PAN)
- VII. Document attachment – 2 (Forms)
- VIII. Document attachment – 3 (Any other supporting document)

Please note that, the upload of documents (duly completed and signed) on the website of Link Intime India Private Ltd should be done on or before Record date for the final dividend in order to enable the Company to determine and deduct appropriate TDS / Withholding Tax. Incomplete and/or unsigned forms and declarations will not be considered by the Company. No communication on the tax determination/ deduction shall be considered after Record date for the dividend, 6:00 PM.

Shareholders may note that in case the tax on said interim/final dividend is deducted at a higher rate in absence of receipt of the aforementioned details/documents, option is available to shareholder to file the return of income as per Income Tax Act, 1961 and claim an appropriate refund, if eligible.

- 12. Statutory Registers, certificate from Auditors of the Company certifying that the ESOP Schemes of the Company are being implemented in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014 will be available electronically for inspection by the members during the AGM.
- 13. All documents as mentioned in the Resolutions and/or Explanatory Statement are available for inspection by the Members at the Registered Office of the Company from 10.00 AM to 12.00 Noon on any working day and will also be made available at the venue of the Twenty-First Annual General Meeting of the Company.
- 14. Pursuant to the provisions of Regulation 42 of SEBI LODR Regulations, the record date Friday, September 18, 2020 is fixed for ascertaining entitlement of members eligible to receive the final dividend, if declared at the meeting.
- 15. The Notice of the AGM of the Company along with the Annual Report for the financial year 2019-20, containing inter alia Directors Report, Statement of Profit and Loss, Balance Sheet and Auditors thereon, is being sent through electronic means to those shareholders, whose email addresses are registered with the Company/depository participants as on August 21, 2020. The Notice of the AGM along with the Annual Report 2019-20 is being made available on the Company's website (www.tdps.co.in) and on the website of stock exchanges i.e. BSE Limited at www.bseindia.com and National Stock Exchange of India Limited at www.nseindia.com. Detailed procedure for attending the AGM and voting through remote e-voting and e-voting at the AGM is provided in the Notice of AGM.

Members wants to update their details with the company the following procedure may be followed:

I. REGISTRATION OF EMAIL ID FOR SHAREHOLDERS HOLDING PHYSICAL SHARES:

The Members of the Company holding Equity Shares of the Company in physical Form and who have not registered their e-mail addresses may get their e-mail addresses registered with Link Intime India Pvt Ltd, by clicking the link: https://linkintime.co.in/emailreg/email_register.html in their web site www.linkintime.co.in at the Investor Services tab by choosing the E mail / Bank Registration heading and follow the registration process as guided therein. The members are requested to provide details such as Name, Folio Number, Certificate number, PAN, mobile number and e mail id and also upload the image of share certificate in PDF or JPEG format. (upto 1 MB).

On submission of the shareholders details an OTP will be received by the shareholder which needs to be entered in the link for verification.

II. FOR PERMANENT EMAIL REGISTRATION FOR DEMAT SHAREHOLDERS:

It is clarified that for permanent registration of e-mail address, the Members are requested to register their e-mail address, in respect of demat holdings with the respective Depository Participant (DP) by following the procedure prescribed by the Depository Participant.

III. FOR TEMPORARY EMAIL REGISTRATION FOR DEMAT SHAREHOLDERS:

The Members of the Company holding Equity Shares of the Company in Demat Form and who have not registered their e-mail addresses may temporarily get their e-mail addresses registered with Link Intime India Pvt Ltd by clicking the link: https://linkintime.co.in/emailreg/email_register.html in their web site www.linkintime.co.in at the Investor Services tab by choosing the E mail Registration heading and follow the registration process as guided therein. The members are requested to provide details such as Name, DPID, Client ID/PAN, mobile number and e-mail id. (This will only help us in getting with touch with them in case of reminders emails for unclaimed dividend if any further the data will be only use as referral data and will not be updated in the system).

IV. REGISTRATION OF BANK DETAILS FOR SHAREHOLDERS HOLDING SHARES IN PHYSICAL FORM:

The Members of the Company holding Equity Shares of the Company in physical Form and who have not registered their bank details can get the same registered with Link Intime India Pvt Ltd, by clicking the link: https://linkintime.co.in/emailreg/email_register.html in their web site www.linkintime.co.in at the Investor Services tab by choosing the E mail/Bank Registration

heading and follow the registration process as guided therein. The members are requested to provide details such as Name, Folio Number, Certificate number, PAN, e-mail id along with the copy of the cheque leaf with the first named shareholders name imprinted in the face of the cheque leaf containing bank name and branch, type of account, bank account number, MICR details and IFSC code in PDF or JPEG format. It is very important that the shareholder to submit the request letter duly signed.

Link Intime will verify the documents uploaded and will take on records documents only for valid cases. On submission of the shareholders details, an OTP will be received by the shareholder which needs to be entered in the above link for verification.

16. ELECTRONIC VOTING

In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting Services. The facility of casting the votes by the members using an electronic voting system from a place will be provided by Central Depository Services (India) Limited (CDSL).

The remote e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

Participation in the AGM:

The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the

procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

A) THE INTRUCTIONS FOR SHAREHOLDRES FOR REMOTE E-VOTING ARE AS UNDER:

- (I) The voting period begins on Tuesday, September 22, 2020 (9:00 AM IST) and ends on Thursday September 24, 2020 (5:00 PM IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date September 18, 2020 may cast their vote electronically.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on "Shareholders" module.
- (v) Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.

(viii) If you are a first time user follow the steps given below:

For Shareholders holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Shareholders who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

- (xii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xiii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xv) After selecting the resolution, you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app “m-Voting”. The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

B) PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR

OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

- i) For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to relations@tdps.co.in/rnt.helpdesk@kintimeco.in.
- ii) For Demat shareholders - please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL - 16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to relations@tdps.co.in/rnt.helpdesk@kintimeco.in.

17. INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM AREAS UNDER:

Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/ members login where the EVSN of Company will be displayed.

Shareholders are encouraged to join the Meeting through Laptops/IPads for better experience.

Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended

to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at investor.relations@tdps.co.in.

The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at investor.relations@tdps.co.in. These queries will be replied by the company suitably by email.

Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

18. INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-

The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.

Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.

If any votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

19. NOTE FOR NON – INDIVIDUAL SHAREHOLDERS AND CUSTODIANS

Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.

A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; sudhir.compsec@gmail.com and investor.relations@tdps.co.in.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or call 1800225533.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East),

- Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call 1800225533.
20. Subject to provision of the Companies Act, 2013, dividend on equity shares as recommended by the Directors, if declared at this meeting, will be paid within the statutory period of 30 days to those members whose name appear on the Register of Members or beneficial owner of the Company's shares as on the record date i.e. on September 18, 2020.
 21. The Company is obliged to print such bank details on the dividend payment Instruments as furnished by the DP and the Company cannot entertain any request for deletion/change of bank details already printed on the dividend payment Instruments based on the information received from the concerned Dps, without confirmation from them. In this regard, Members are advised to contact their DPs and furnish them the particulars of any change desired, if not already provided.
 22. In terms of the IEPF Rules, the Company has uploaded the information in respect of the Unclaimed Dividends in respect of the Financial Year 2012, 2013, 2014, 2015, 2016, 2017, 2018 and 2019 as on the date of the last AGM held on August 12, 2019 on the website of the IEPF viz. www.iepf.gov.in and under Investors' section on the website of the Company www.tdps.co.in under Unclaimed/Unpaid Dividend.
 23. Members who have not encashed their dividend are advised to write to the Company or Registrar and Share Transfer Agents of the Company, immediately claiming dividends declared by the Company.
 24. Members are requested to address all correspondence including dividend related correspondence, to the Registrar and Share Transfer Agents, (RTA) Link In ime India Private Limited, C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083, Tel No: +91 22 49186000. Members must quote their Folio Number/DP ID & Client ID and contact details such as e-mail address, contact no. etc., in all correspondences with the Company/RTA.
 25. Securities and Exchange Board of India ("SEBI") has mandated the submission of the Permanent Account Number (PAN) by every participant in the security market. Members holding shares in electronic forms, therefore requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form are required to submit their PAN detail to the Registrar and Share Transfer Agents, Link In time India Private Limited, Unit: TD Power Systems Limited, C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083. Members are required to quote Permanent Account Number (PAN) for transfer/transmission of shares in physical form and hence, the transferee(s)/legal heir(s) is required to furnish a copy of his/her PAN to the Company/RTA.
 26. SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and further amendment vide Notification No. SEBI/ LAD-NRO/GN/2018/49 dated November 30, 2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) shall not be processed from April 1, 2019 unless the securities are held in the dematerialized form with the depositories. Therefore, Shareholders are requested to take action to dematerialize the Equity Shares of the Company, promptly.
 27. Pursuant to the provisions of Section 72 of the Companies Act, 2013, Shareholders holding shares in physical form may file nomination in the prescribed Form SH-13 with the Company's Registrar and Transfer Agent. In respect of shares held in electronic/demat form, the nomination form may be filed with the respective Depository Participant of Shareholders.
- In this Notice and Annexure thereto, the terms "Shareholders" and "Members" are used interchangeably.

ANNEXURE TO THE NOTICE

PROFILE OF MR. K G PRABHAKAR AND MR. NIKHIL KUMAR SEEKING RE-APPOINTMENT

DISCLOSURE RELATING TO DIRECTORS PURSUANT TO REGULATION 26(4) AND 36 (3) OF THE SEBI LISTING REGULATIONS AND CLAUSE 1.2.5 OF THE SECRETARIAL STANDARDS ON GENERAL MEETINGS

Name	Mr. K G Prabhakar	Mr. Nikhil Kumar
Director Identification Number	7187463	00062243
Date of Birth	28-06-1956	17-08-1967
Qualification	Chartered Accountant	Engineer
Brief Resume & Nature of his expertise in specific functional areas	a Chartered Accountant with over four decades experience in Accounting, audit Taxation, Banking, HR and administration	an engineering graduate from Karnataka Regional Engineering College, Surathkal and has studied General Management in Harvard Business School. He is associated with the Company since April 1999 and has over 24 years work experience in the manufacture of electrical rotating machines. Before he was associated with TDPS, he worked with Kirloskar Electric Company Limited. He possesses high caliber experience in marketing, strategic technology alliances, management and engineering. He is one of the promoters of the company and is instrumental in leading the company to achieve and maintain market leadership in certain niche product and market segments.
Directorships held in Indian Companies.	Two	Three
*Chairmanship/Membership of Committees held in Indian Company	Nil	Nil
Relationship with other Directors and Key Managerial Personnel	Not related to any of the directors and Key managerial personnel of the Company	
Number of Equity Shares held in the Company	4500 Equity Shares	4655470 Equity Shares
Number of Board Meetings attended during the Financial Year (2019-20)	Six	Five
Date of first appointment on the Board	20.05.2015	24.04.1999 (appointed as Additional Director)
Terms and conditions of appointment	Non-Executive and Non-Independent Director, liable to retire by rotation	As set out in the item no.6 of the explanatory statement.

*For the purpose of computation of Chairmanship and Membership, only Audit and Stakeholders Relationship Committees have been considered.

EXPLANATORY STATEMENT SETTING OUT MATERIAL FACTS (Statement) PURSUANT TO SECTION 102 OF THE COMPANIES ACT 2013, IN RESPECT OF ITEM NOS.4 TO 6 OF THE NOTICE

Item No.4

The Board of Directors of the Company, on the recommendation of the Audit Committee, approved appointment of M/s. Rao, Murthy & Associates, Cost Auditors (Firm Registration No.000065), Bangalore at their meeting held on June 04, 2020 to conduct the audit of the cost records of the Company for the financial year ending March 31, 2021 at a remuneration of Rs.1,75,000 plus applicable taxes and reimbursement of out of pocket expenses.

In terms of the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor as afore said, for the financial year ending March 31, 2021 recommended by the Audit Committee and approved by the Board of Directors is to be ratified by the members of the Company as set put in vide Ordinary Resolution at Item No.4 of the Notice.

None of the Directors or Key Managerial Personnel of the Company or their relatives are in any way concerned or interested (financially or otherwise) in the Resolution asset out at Item No.4 of the Notice.

The Board recommends the Ordinary Resolution as set out at Item No. 4 of the Notice for approval by the members.

Item No.5

By a shareholders' approval in 2015, Mr. Nikhil Kumar, was appointed as Managing Director of the Company for 5 years commencing January 17, 2016 to January 16, 2021 on a certain remuneration subject to not exceeding 11% of profits as prescribed. However, due to inadequacy of profits as defined under the Companies Act 2013, his remuneration was revised and based on effective capital basis as approved by the shareholders at their meeting held on September 27, 2017 valid for 3 years including year ended March 31, 2017 as

prescribed. Since the Company's profits for the year ended March 31, 2020 continues to be in adequate, the remuneration paid for the financial year 2019-20 has been limited to the minimum remuneration payable based on effective capital as earlier and approved by the shareholders. The remuneration paid for the year ended March 31, 2020 is Rs.2,38,28,725 excluding contribution to Provident Fund.

Further, it is expected that profits for the fiscal 2021 is expected to be inadequate & accordingly, the remuneration payable for the remainder period of his services in his existing term i.e. till January 16, 2021 is proposed to be continued on minimum remuneration basis based on effective capital as earlier. On the said basis a remuneration of up to Rs.2,40,00,000 p.a. excluding contribution to provident fund is proposed from April 1 2020 up to January 16 2021 on pro rata basis (the reminder period of the current term).

Mr Nikhil Kumar being a Director and the incumbent Managing Director is deemed to be concerned or interested (financially or otherwise) in the Resolution as set out at Item No.5 of the Notice.

The Board recommends the Special Resolution as set out at Item No.5 of the Notice for approval by the members.

Item No.6

The current tenure of the Managing Director, Mr. Nikhil Kumar comes to an end on January 16, 2021. Based on the recommendation of Nomination & Remuneration Committee of the Board and subject to approval of the members, the Board of Directors at their meeting held on August 6, 2020 approved the re-appointment of Mr. Nikhil Kumar as Managing Director of the Company for a further term of five years commencing from January 17, 2021 to January 16, 2026. The terms and conditions & remuneration of his re-appointment as approved by the Board based on

recommendation of the Nomination and Remuneration Committee are as follows:

- 1 Tenure - for a period of 5 years (Five) from January 17, 2021.
- 2 Fixed remuneration by way of Salary (including annual increment of 4%) as follows:

Period	Remuneration (Rs.)
17.01.2021 TO 16.01.2022	2,64,00,000.00
17.01.2022 TO 16.01.2023	2,74,56,000.00
17.01.2023 TO 16.01.2024	2,85,54,240.00

- 3 a) Variable remuneration- Such remuneration by way of profit linked commission, in addition to the salary, perquisites and allowances payable, not exceeding 3% of the net profits, as defined in the Companies Act, 2013, of the Company in a particular financial year, as may be determined by the Board of the Company at the end of each financial year, subject to the overall limits approved by the shareholders of the Company.

OR

b) Incentive Remuneration: In case where the net profits of the Company are inadequate for payment of profit-linked commission in any financial year, an incentive remuneration may be paid up to an amount not exceeding 100% of Basic Salary paid at the discretion of the Board. This incentive remuneration would be payable subject to the achievement of certain performance criteria and such other parameters as may be considered appropriate from time to time by the Board. An indicative list of factors that may be considered for determining the extent of commission/incentive remuneration, by the Board which will be payable annually after the Annual Accounts have been approved, are:

Company performance on certain defined qualitative and quantitative parameters as may be decided by the Board from time to time.

Industry benchmarks of remuneration.

Performance of the individual.

Subject to a total remuneration not exceeding Rs 5,00,00,000 (Rupees Five Crores only) in any period stated above.

The above remuneration may be drawn from the company or any of its wholly owned subsidiaries subject however that the total remuneration shall not exceed the higher maximum limit from any one of the Companies of which he is a Managing Director.

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

In the event of determination of the contract by the Company before the contract period, the Company shall pay Mr. Nikhil Kumar a compensation for the unexpired period of the contract at equal to and same terms had the contract been continued.
8. Mr. Nikhil Kumar's Headquarters will continue to be in Bangalore. Mr. Nikhil Kumar, as Managing Director of the Company shall, subject to the superintendence, control and directions of the

Board of Directors, shall continue to carry out such duties and functions and exercise all such powers for the purpose of management and administration of the Company as may be assigned to and vested in him by the Board of Directors of the Company.

Since the profits of the company is expected to be inadequate for the remuneration as above, it is proposed to pay remuneration based on effective capital basis which is the mandated minimum remuneration in terms of PART II, Section II of Schedule V of the Companies Act 2013, subject to approval of the shareholders valid for 3 years. For

the residual tenure of 2 years, approval of the shareholders is required to be obtained in due course.

Mr. Nikhil Kumar is not disqualified from being appointed as Director in terms of Section 164 of the Act and he is not debarred from holding the office of director by virtue of any order passed by SEBI or any such authority. The details with respect to Mr. Nikhil Kumar is disclosed in the Annexure attached to the notice as above.

The disclosure in terms of Section II of Part II of Schedule V and applicable rules under the Companies Act 2013 are as follows:

I. GENERAL INFORMATION:

1.	Nature of Industry	Manufacturers of Ac Generators, Motors		
2.	Date or Expected Date of Commencement of Commercial Production	16/04/1999		
3.	In case of New Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not Applicable		
4.	Financial performance based on given indicators (Standalone)	Particulars	2019-20 (Rs.in lakhs)	2018-19 (Rs.in lakhs)
		Total Income	49,409.29	45,590.66
		Profit Before Tax, Finance Cost and Depreciation	4,603.21	4,010.22
		Depreciation	2,199.77	2,591.10
		Finance cost	545.00	284.29
		Profit Before Tax	1,858.44	1,134.83
		Tax	214.58	427.91
		Profit After Tax	1,643.86	706.92
		Equity Capital in Rs. (face value Rs. 10)	3,093.34	3,100.92
		Earnings per Share (Rs.)	5.31	2.27
5.	Foreign Investments or Collaborators, if any (as on July 17, 2020)	13.86% (comprises foreign promoter, non-resident shareholding etc.)		

II. INFORMATION ABOUT THE APPOINTEE:

1. Background Details

The brief profile of Mr. Nikhil Kumar is disclosed above in annexure to the notice.

2. Past Remuneration

Details of past remuneration paid to Mr. Nikhil Kumar is mentioned herein below:

(Rs. in Lakhs)

Period	Remuneration Paid*
For 2016-17	204.97
For 2016-17	225.78
For 2018-19	238.28

*contribution to provident fund is excluded.

3. Recognition or awards

Mr. Nikhil Kumar Managing Director is well recognized for his leadership, visionary, and entrepreneur skills in managing business activities. He has over 24 years of work experience in the manufacture of electrical rotating machines and efficiently managing overall affairs of the Company under each difficult business conditions.

4. Job Profile and his suitability

In the capacity of Managing Director of the Company Mr. Nikhil Kumar is responsible for overall management of the Company's & subsidiary company operations, defining and executing business strategy and providing overall leadership to the Company's operations and such other roles and responsibilities as may be assigned to him by the Board from time to time. For suitability please see his brief profile as stated above.

5. Remuneration proposed

The terms and conditions of his appointment along with remuneration proposed is stated above.

6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of

expatriates the relevant details would be with respect to the country of his origin)

There is no direct comparable remuneration profile as no domestic company in the Private sector in India manufactures similar products. However, based on a broad comparison of remuneration in the power equipment manufacturing sector, the multifarious responsibilities, strategic leadership capabilities and his contribution in the growth & stability of the company, the proposed remuneration is considered reasonable. As one of the promoters of the Company, he has contributed significantly in engineering, innovation, market expansion resulting in a global foot print and striking strategic association with global OEMs 'over the last 20 years. It is to be noted that the remuneration of the Managing Director has not been revised over the last 3-4 years (approved annual revisions) since the business and market conditions were challenging. His continued service and leadership has never been more critical to tide the business vagaries than in these Covid times and to sustain the momentum the company is poised to achieve during the next 3-5 years. The proposed remuneration thus is imperative to retain and utilize his services.

7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.

Mr. Nikhil Kumar is not having pecuniary relationship directly and indirectly with the Company except his present employment.

III. OTHER INFORMATION:

1. Reasons of Loss or Inadequate Profits:

The domestic capital goods sector continued to face stress, with no visible uptick in key manufacturing and infrastructure sectors over the last 3-4 years. Domestic Order intake and sales have remained weak reflecting an

overhang of slow recovery. As in the last two to three years the domestic market for generators continued to be sluggish in Fiscal 2020. The global scenario offered no cause for cheer as it continued to encounter challenges including volatility, Eurozone instability, depression in crude oil and volatile commodity prices & currency depreciation in emerging markets. However, to sustain & derisk business, the company continued to focus on overseas markets, offered machines for new applications, invested in automation and enhancement of facilities to meet international quality standards. These initiative as also global market development efforts involved significant costs which have been incurred. In addition, as an Indian manufacturer, it faces significant competition from global peers in the overseas markets which brings certain level of pricing competitiveness. Though some of the above initiatives will contribute to the sustainability and growth of the business in the future, some of the above factors affected the company in cost, realizations and profits.

2. Steps taken or proposed to be taken for improvement:

Increased focus has been initiated to improve overseas markets which is the mainstay of company's turnover considering the state of the domestic market. The overseas wholly owned subsidiaries are performing well in the market and ultimately it will enable the Company to be in a position to gain a good market share in overseas operations also improve its financial positions. Certain measures have been initiated towards cost rationalization & control. Steps are ongoing to make generators for newer applications and markets thus expanding Revenue and margins.

3. Expected increase in productivity and profits in measurable terms:

Subject however, to the severity of the effect of the ongoing pandemic, the steps initiated as above are expected to increase sales, improve capacity utilization, realizations and profitability in the range of at least 10%-15% year on year. It is also expected that new markets will provide better opportunities for better margins.

INTENTIONALLY LEFT BLANK

OTHER PARAMETERS UNDER SECTION 200 READ WITH RULE 6 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014: (Item No.5 & 6)

1.	The Financial and operating performance of the company during the three preceding financial years	Details provided in Sr. no.4 of General Information section above.
2.	The remuneration or commission drawn by the individual concerned in any other capacity	Not applicable.
3.	the remuneration or commission drawn by him from any other company;	Mr. Nikhil Kumar draws part of his remuneration from TD Power Systems Europe GmbH, a wholly owned subsidiary of the Company.
4.	professional qualifications and experience of the individual concerned	Details provided in annexure to the notice as above.
5.	The relationship between remuneration and performance.	As stated above in point 6 above
6.	The principle of proportionality of remuneration within the company, ideally by a rating methodology which compares the remuneration of directors to that of other directors on the board who receives remuneration and employees or executives of the company.	The Managing Director is the only whole time director responsible for the company's business and accordingly his remuneration is not comparable with that of the other Non- whole time directors who are not paid any remuneration except for sitting fee for attendance of the meetings of the Board.
7.	whether remuneration policy for directors differs from remuneration policy for other employees and if so, an explanation for the difference.	The remuneration proposed is reasonably proportionate considering his responsibilities vis a vis the other executives.
8.	The securities held by the director, including options and details of the shares pledged as at the end of the preceding financial year.	The remuneration policy for directors covers a wide range of issues including their role to promote the objects of the Company and all its stakeholders etc. Whereas, the remuneration policy for other employees are governed by applicable HR policies. Mr. Nikhil Kumar holds 46,55,470 (15.05%) Equity share of the Company. He is not covered by any stock options of the Company in terms of SEBI (Share Based Employee Benefits) Regulations, 2014. The shares held by him are not subject to pledge and encumbrance.

Mr Nikhil Kumar being a Director and the incumbent Managing Director is deemed to be concerned or interested (financially or otherwise) in the Resolution as set out at Item No.6 of the Notice.

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

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

Bangalore
August 06, 2020

N. Srivatsa
Company Secretary

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

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Annual Report 2020

TD Power Systems Limited

CRAFTED LOCALLY



tdps is here

POWERING GLOBALLY

- India : Head Office
- Japan : Branch Office
- Germany : Branch Office
- Turkey : Branch Office
- USA : Branch Office



COVER CONCEPT

• Rakshitha K
• Sudhalaxmi S
Department: Sales and Marketing

GLOBAL FOOTPRINT

Continent	Nations	Quantity	Continent	Nations	Quantity
Asia & Middle East	29	3700	Europe	27	361
Africa	22	197	North America	9	160
Oceania/Australia	4	73	South America	4	26

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

Nithin Bagamane
Ravi Kanth Mantha
Prathibha 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 Twenty First Annual Report (Report) together with the Audited Financial Statements of the Company (TDPS or Company) for the fiscal 2020 (April 1 2019 to March 31 2020).

FINANCIAL RESULTS

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Revenue from operations & other Income	49,409.29	45,590.66
Earnings before interest, tax, depreciation & amortization including other income and exceptional item	4,603.21	4,010.22
Finance cost	545.00	284.29
Depreciation & amortization	2,199.77	2,591.10
Profit before Tax (PBT) including exceptional item	1,858.44	1,134.83
Tax expense	214.58	427.91
Profit after Tax (PAT) including exceptional item	1,643.86	706.92
Other Comprehensive Income	46.29	(10.00)
Total Comprehensive Income including exceptional item	1,690.15	696.92

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

On a standalone basis, the total income at Rs.49,409.29 Lakhs in fiscal 2020 as compared to Rs.45,590.66 in fiscal 2019 is higher by 8.38%. Earnings Before interest, tax, depreciation and amortization including other income and exceptional item (EBITDA) increased by Rs.592.99 Lakhs or 14.79% to Rs.4,603.21 Lakhs in fiscal 2020 as compared to Rs.4,010.22 Lakhs in fiscal 2019. Profit before tax including exceptional item increased by Rs.723.61 Lakhs to Rs.1,858.44 Lakhs in fiscal 2020 from Rs.1,134.83 in fiscal 2019. Profit after tax including exceptional item increased by Rs.936.94 Lakhs, to Rs.1,643.86 Lakhs in fiscal 2020 from Rs.706.92 Lakhs in fiscal 2019. Total comprehensive income including exceptional item increased by Rs.993.23 or 142.52% to Rs.1,690.15 Lakhs in fiscal 2020 as compared to Rs.696.92 Lakhs in fiscal 2019.

The net worth of the Company in fiscal 2020 stands at Rs.45,447.97 Lakhs (including Capital redemption reserve) as compared to Rs.45,695.25 Lakhs in fiscal 2019.

On consolidated basis, the total income at Rs.52,808.10 Lakhs in fiscal 2020 as compared to Rs.46,818.10 Lakhs in fiscal 2019 was higher by 12.79 %. Earnings Before interest, tax, depreciation and amortization including other income (EBITDA) increased by Rs.2,412.56 Lakhs to Rs.6,044.71 Lakhs in fiscal 2020 as compared to Rs.3,632.15 Lakhs in fiscal 2019. The profit before tax at Rs.3,276.86 Lakhs in Fiscal 2020 as compared to Rs.748.89 Lakhs in fiscal 2019 was

higher by 337.56%. The Profit after tax was Rs.2,993.75 Lakhs in fiscal 2020 compared to Rs.319.85 Lakhs in fiscal 2019 was higher by 835.99%. Total comprehensive income was Rs.2,884.97 Lakhs in fiscal 2020 compared to Rs.290.21 Lakhs in fiscal 2019 was higher by 894.10%.

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

The standalone and consolidated financial statements for the fiscal ended March 31, 2020 forming part of this Annual Report, have been prepared in accordance with the Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs.

DIVIDEND

The dividend (including interim dividend) for the Fiscal 2020 is Rs.2.25 per Equity Share as follows:

- Pursuant to the approval of Board of Directors at their meeting held on February 12, 2020, your Company paid an interim dividend of Rs.1.50 per equity share (face value of Rs.10/- each) for the fiscal 2020 to the shareholders whose names appeared on the register of members/beneficial owners as on February 25, 2020, being the record date fixed for this purpose. The net cash outflow for the interim dividend was Rs.559.38 Lakhs (including dividend distribution tax of Rs.95.38 Lakhs).

DIRECTORS' REPORT (CONTD.)

b) The Board has recommended a final dividend of Rs.0.75 per equity share(face value of Rs.10/- each) for the fiscal 2020 entailing a cash outflow approx. Rs.232.00 Lakhs. The dividend distribution tax (DDT) has been repealed by the Finance Act 2020, and thus the final dividend is subject to tax deducted at sources as applicable. The above dividend is subject to approval of shareholders at the ensuing Annual General Meeting (AGM) of the Company.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY (IEPF)

Pursuant to Section 124 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules 2016, the following remittance/transfer was made by the company to IEPF during the fiscal 2020.

a) DIVIDEND REMITTED:

During the year the Company transferred dividend which remained unclaimed/unpaid for a period of seven years to IEPF as below:

Year	2011-12
Nature of dividend	Final
Dividend per share	Rs.2/-
Date of Declaration	12.07.2012
Date of Transfer to IEPF	13.08.2019
Amount	Rs.1,426/-

b) SHARES TRANSFERRED:

During the year, the Company transferred 25 shares due to dividend which remained unclaimed for seven consecutive years. The details of said transfer is disclosed on the website of the Company at <http://tdps.co.in/investor-relations/unclaimed-unpaid-dividend/>.

TDPSL EQUITY BASED COMPENSATION PLAN 2019

TDPSL EQUITY BASED COMPENSATION PLAN 2019 (Plan) was approved by the shareholders at their annual general meeting held on August 12, 2019. The said plan comprises of employee stock options(ESOP) and employee stock appreciation rights (ESAR). During the year, the Nomination and Remuneration Committee of Board has approved grant of 5,63,884 ESOP and 3,99,216 ESAR. The said plan is in line with the SEBI (Share Based Employee Benefits) Regulations, 2014 (“SBEB Regulations”).

The Company's Auditors' have certified that the Plan is implemented in accordance with the SBEB Regulations and the resolutions passed by the shareholders.

For the Plan & other details to be disclosed in terms of the SBEB Regulations, please refer **Annexure 11** to the Report.

BUY - BACK OF EQUITY SHARES

The Buy-back of Equity Shares of the Company as approved by the Board of Directors of the Company at its meeting held on 26.9.2018 commenced on October 10, 2018 and closed on April 5, 2019 (w.e.f closure of trading / market hours). In terms of the said buy-back offer, the Company bought back 23,04,174 Equity Shares of the face value of Rs.10 (Rupees Ten only) each & the post buy back paid capital as of March 31 2020 stands at Rs.30,93,34,140 (i.e.3,09,33,414 Equity shares of Rs.10 each) The post buy-back public advertisement was published by the Company in terms of the SEBI Buy-back Regulations.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The details of Loans given, Investments made, Guarantees given and Securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided in note number 6 & 7 to the Financial Statements.

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 including certain arm's length transactions, in the prescribed Form AOC-2, is appended as **Annexure 3** to the Report.

MANAGEMENT DISCUSSION AND 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 and Analysis Report covering operations, performance and outlook of the Company is attached as **Annexure 9** to the 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”).

DIRECTORS' REPORT (CONTD.)

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 DIRECTORS

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, 2020, 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 and 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 said 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 form part of this Report. Further, a statement containing the salient features of the financial

statements of the said subsidiaries in the prescribed format Form AOC-1 is appended as **Annexure 2** to the Report.

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

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

INDIAN SUBSIDIARY

As in the previous year, no business was undertaken during the fiscal under Report, in line with the decision to scale down business operations. Income for the year was only from other Income amounting to Rs 61.04 lakhs (viz earned from Interest on deposits with bank amounting to Rs.5.98 lakhs & write back of provisions no longer required of Rs.55.06 lakhs). After accounting for foreign exchange losses of Rs.113.10 lakhs in recognition of payables to certain overseas suppliers & other fixed costs, the earnings before interest, tax, depreciation & amortization including other income and exceptional item amounts to a loss of Rs.66.35 lakhs as compared to Rs.143.02 lakhs in the previous year ended March 31, 2019. Due to an exceptional item as per note 34 to the Note to the Consolidated Financial statements, the Profit before and after Tax including exceptional item is Rs1,122.95 lakhs as against a loss Rs 143.02 lakhs in the previous year.

Net worth of the Company as at March 31, 2020 continues to be negative. The Company continues to evaluate opportunities to render engineering services to utilize the tax credits and continues to negotiate with trade creditors for settlement with remission/reduction in liability on account of product warranty on equipment supplied by them. The management is hopeful that these actions will help the company in turning its net worth position to positive net worth.

US SUBSIDIARY

The operations of this Company during the fiscal 2020 resulted in a total revenue of Rs.1,182.21 Lakhs as compared to Rs.3,138.30 Lakhs in Fiscal 2019. The loss after tax for the year is Rs.123.61 Lakhs in fiscal 2020 as compared to loss of Rs.13.15 Lakhs in fiscal 2019. The total comprehensive loss (after accounting for foreign exchange difference on translation of foreign operations) for the fiscal 2020 is Rs.229.54 Lakhs as compared to loss of Rs.44.83 Lakhs in fiscal 2019. Three new customers were added during the year

DIRECTORS' REPORT (CONTD.)

in the steam & geo thermal verticals. The oil & gas, hydro & geo thermal verticals did not reflect any encouraging activity levels during the year in North America.

JAPAN SUBSIDIARY

Major activities of the Japan business continue to be conducted through the Company's Branch office at Japan. There was no operating revenue other than the other income of Rs.0.44 Lakhs in the fiscal 2020. The loss after tax for the fiscal was Rs.71.65 Lakhs mainly due to operating costs & employee termination compensation. The total comprehensive loss (after accounting for foreign exchange difference on translation of foreign operations) for the fiscal 2020 is Rs.71.46 Lakhs as compared to loss of Rs.182.38 Lakhs in fiscal 2019. Steps have been taken to effect significant cost reductions which will make the Japan branch self-sustainable.

GERMAN SUBSIDIARY

The total revenue for the fiscal 2020 was Rs.7,218.80 Lakhs as compared to Rs.2,952.46 Lakhs in fiscal 2019 (i.e. a rise of over 145%) the highest ever so far. Profit before tax is Rs.203.76 Lakhs in fiscal 2020 as compared to Rs.20.63 Lakhs in fiscal 2019 i.e. a rise of over 10 times. The total comprehensive income (after accounting for foreign exchange difference on translation of foreign operations) for the fiscal 2020 is Rs.166.35 Lakhs as compared to Rs.34.50 Lakhs in fiscal 2019. During the year this subsidiary has returned Rs.70.51 lakhs (EURO 1,00,000) provided as loan by the Company.

This subsidiary has not only increased its business with the existing customers but has also added many new customers. Two generators of 57 MW for steam turbine application have been supplied to a reputed OEM which will serve as reference projects in Germany. Hydro business has also been a highly consistent market & 16 generators were supplied to Norway during the year taking the total number of generators to this market to 52. In addition to this, 19 generators are under production. Cooperation with one of the largest engine manufacturers in the world for two projects in Africa is a hall mark gain for this subsidiary.

TURKEY SUBSIDIARY

The operations of this subsidiary have gained momentum. Since inception in 2018, 14 - machines were manufactured for Hydro, steam and Geo thermal applications. These machines have received Turkish Standards Institution (TSE) certification & the local content certification approved by the mandated Local industry chamber. In this second year of operations i.e. fiscal 2020, the total revenue grew to Rs.2,665.43 Lakhs compared to Rs.406.67 Lakhs in fiscal

2019. The profit before tax in fiscal 2020 increased by Rs.294.81 Lakhs to Rs.300.04 Lakhs as compared to Rs.5.23 Lakhs in fiscal 2019. The total comprehensive income (after accounting for foreign exchange difference on translation of foreign operations) for the fiscal 2020 is Rs.220.15 Lakhs as compared to Rs.0.76 Lakhs in fiscal 2019. During the fiscal under Report additional investments were made to support requirements of Testing and assembly and this subsidiary has returned Rs.142.98 Lakhs (USD 1,98,775) provided as loan by the Company.

INTERNAL FINANCIAL CONTROL AND ADEQUACY

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, 2020, 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 Fiscal ended March 31, 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Fiscal 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

DIRECTORS' REPORT (CONTD.)

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' AND KEY MANAGERIAL PERSONNEL

The tenure of the Managing Director Mr. Nikhil Kumar will end on January 16, 2021 and the board has approved his re-appointment for a further term of 5 years subject to approval of the Shareholders at the ensuing Annual General Meeting of the Company. For further details, please refer **Annexure 10**, Corporate Governance Report attached of this Directors Report.

Pursuant to provisions of the Companies Act, 2013 and Articles of Association of the Company, Mr. K G Prabhakar (DIN: 00010365) retires by rotation at the ensuing 21st Annual General Meeting of the Company and being eligible, offers himself for re-appointment.

Mr. K G Prabhakar, aged 64 years, is a Chartered Accountant by qualification. He is Non-Executive Non-Independent Director of the Company. Mr. K. G. Prabhakar, was employed with the Company since 2001 with responsibilities of finance, accounts, taxation, HR and administration functions over the years and retired as CFO in 2018.

Mr. K G Prabhakar holds 4,500 equity shares of the Company being 0.01% of paid up capital. He has attended all six board meetings of the Company held during fiscal 2020. He is also a director of the Company's wholly owned Indian subsidiary DF Power Systems Private Limited. He is not related to any other Directors of the Company.

RISK MANAGEMENT

The Board of directors of the Company has been entrusted with the responsibility to overseeing the risks that the Company faces such as strategic, commercial, safety, operations, Compliance, internal control and finance. More details on risk management indicating development including identification of elements of risk and their mitigation are covered under the Management' Discussion and Analysis Report enclosed as **Annexure 9** to the Report. The Company is not required to form a risk management committee in terms of the SEBI Listing Regulations.

AUDITORS & REPORTS

STATUTORY AUDITORS

M/s. Varma and Varma, Chartered Accountants (Firm Registration No:004532S) were appointed as the Statutory Auditors of the Company for a period of five Years from the conclusion of the 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 with the Companies Amendment Act 2017.

The Auditors' Report on the financial statements for the fiscal 2020 does not contain any qualification, reservation or adverse remark. There have been no instances of fraud committed against the Company by its officers or employees during the year reportable by the Auditors in terms of Section 143(12) of the Companies Act 2013.

SECRETARIAL AUDITOR

As required under Section 204 of the Companies Act, 2013 and Rules made thereunder, the Board appointed Mr. Sudhir V Hulyalkar, Practicing Company Secretary Bangalore, as the Secretarial Auditor for the fiscal 2020.

The Secretarial Auditors' Report for the fiscal 2020 does not contain any qualification, reservation or adverse remark nor any instances of fraud committed against the Company by its officers or employees during the year. The Secretarial Auditors' Report is enclosed as **Annexure 8** to the Report in this Annual Report.

As provided in the Listing Regulations/LODR the certificate on corporate governance and Directors appointment and continuation on the Board of Directors forms part of the Corporate Governance Report. The certificate on corporate governance does not contain any qualification, reservation or adverse remark.

COST AUDITOR

In terms of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, M/s. Rao, Murthy and Associates, Cost Accountants, Bangalore were appointed as Cost Auditors of the Company for the fiscal 2020.

COST ACCOUNTS AND RECORDS

In terms Section 148 of the Companies Act 2013, the Company has maintained its cost accounts for the year ended March 31, 2020 as prescribed which are subject to a Cost Audit.

DIRECTORS' REPORT (CONTD.)

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, 2020 in the prescribed format is appended as **Annexure 1** to the Report & also made available on the website of the Company at www.tdps.co.in.

NUMBER OF BOARD MEETINGS

The Board met six times during the fiscal 2020. The details of which are given in the Corporate Governance Report that forms part of this Report. The maximum gap between any two meetings did not exceed 120 days, as prescribed by the Companies Act, 2013.

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Information required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 for the fiscal 2020 in relation to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is provided in the **Annexure 4** forming part of this Report.

BUSINESS RESPONSIBILITY REPORT (BRR)

Regulation 34(2) of the Listing Regulations as amended mandating inclusion of the BRR in the Annual Report of the Company is applicable for the first time to the company in fiscal 2020. Accordingly, the Business Responsibility Report is presented in **Annexure 12** to this Report. The BRR has also been uploaded on the Company's website at www.tdps.co.in.

PARTICULARS OF EMPLOYEES

The details of 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 as in **Annexure 5** to this Report.

A statement containing, inter alia, the names of top ten employees in terms of remuneration drawn and every employee employed throughout the fiscal and in receipt of remuneration of Rs.102.00 lakhs or more and employees employed for part of the year and in receipt of remuneration of Rs.8.50 lakhs or more per month, pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is as in **Annexure 6** to this Report.

COMMITTEES OF THE BOARD

According to the Companies Act, 2013 and SEBI LODR the Board has four (4) Committees as on March 31, 2020 i.e. Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility 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.

SECRETARIAL STANDARD

The Company complies with secretarial standards on meetings of Board of Directors and General Meetings issued by the Institute of Company Secretaries of India.

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 on exercise of employee stock options.
4. There were no deposits covered under Chapter V of the Companies Act, 2013.
5. Loan has been provided by the Company to the TDPSL Employees Trust for purchase of its own shares for the benefit of employees as per TDPSL Equity Based Compensation Plan 2019.
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 and Redressal) Act, 2013.

DIRECTORS' REPORT (CONTD.)

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 and Redressal) Act, 2013.
9. During the fiscal 2020 the Company has transferred a sum of Rs. 7.58 lakhs to Capital Redemption Reserve from the securities premium on account of shares bought back during the year

GREEN INITIATIVE

As part of this initiative, hitherto soft copies of the Annual Report and the Notice of Annual General Meeting were sent to all members whose email addresses are registered with the Company/Depository Participants. Physical copies of the same were sent in the permitted mode only to members whose email addresses were unavailable.

However, in terms of the SEBI Circular dated May 12, 2020 and MCA Circular dated May 05, 2020 and April 13, 2020

exempting Companies from the provision of hard copies for this fiscal 2020 in view of the ongoing Covid 19 pandemic, only soft copies of the Annual Report 2020 and the Notice of the Annual General meeting will be emailed to shareholders. Members whose email id is not registered with the Company may write to investor.relations@tdps.co.in or ashwini.nemlekar@linkintime.co.in for obtaining the soft copy of the Annual Report and Notice of AGM.

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
August 6, 2020**

**Mohib N. Khericha
Chairman**

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ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE - 1

FORM NO. MGT-9

Extract of Annual Return

As on the financial year ended on 31.03.2020

[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 In time India Private Limited C-101, 247 Park, L. B. S. Marg, Vikhroli (West) Mumbai - 400 083 Tel No:+91 22 49186000

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Sl No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Manufacture of AC Generators	31103	88.10
2	Manufacture of Electric Motors	31103	Nil

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Companies for which information is being filled-(5)

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 2019				Shareholding at the end of the year 2020				% 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	26.88	8386430	0	8386430	27.11	0.23
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	1386902	0	1386902	4.45	1461902	0	1461902	4.73	0.28
	Bodies Corporate	5026433	0	5026433	16.15	5026433	0	5026433	16.25	0.10
	Sub Total (A)(1)	14782959	0	14782959	47.48	14874765	0	14874765	48.09	0.61
2	Foreign									
a	Individuals (Non-Resident Individuals / Foreign Individuals)	3235254	0	3235254	10.39	3235254	0	3235254	10.46	0.07
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	10.39	3235254	0	3235254	10.46	0.07
	Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)	18018213	0	18018213	57.88	18110019	0	18110019	58.55	0.67
B	Public Shareholding									
1	Institutions									
a	Mutual Funds / UTI	5687367	0	5687367	18.27	5370796	0	5370796	17.36	-0.91
b	Venture Capital Funds	0	0	0	0.0000	0	0	0	0.0000	0.0000
c	Alternate Investment Funds	0	0	0	0.0000	0	0	0	0.0000	0.00
d	Foreign Venture Capital Investors	0	0	0	0.0000	0	0	0	0.0000	0.0000
e	Foreign Portfolio Investor	833350	0	833350	2.68	830977	0	830977	2.69	-0.01
f	Financial Institutions / Banks	73508	0	73508	0.24	14801	0	14801	0.05	-0.19
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)	6594225	0	6594225	21.18	6216574	0	6216574	20.10	-1.08

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

SHAREHOLDING PATTERN (CONTD.)

Sl No	Category of Shareholders	Shareholding at the beginning of the year 2019				Shareholding at the end of the year 2020				% 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.	2720879	2	2720881	8.74	3003117	2	3003119	9.71	0.97
ii	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	2122435	0	2122435	6.82	1772066	0	1772066	5.73	-1.09
b	NBFCs registered with RBI	22318	0	22318	0.07	0	0	0	0.0000	-0.07
d	Overseas Depositories (holding DRs) (balancing figure)	0	0	0	0.0000	0	0	0	0.0000	0.0000
e	Any Other (Specify)									
	IEPF	0	0	0	0.00	25	0	25	0.00	0.00
	Trusts	1000	0	1000	0.00	2430	0	2430	0.01	0.01
	Hindu Undivided Family	581339	0	581339	1.87	461014	0	461014	1.49	-0.38
	Foreign Companies	10000	0	10000	0.03	10000	0	10000	0.03	0.03
	Non Resident Indians (Non Repat)	55899	0	55899	0.18	114105	0	114105	0.37	0.19
	Non Resident Indians (Repat)	122197	0	122197	0.39	128542	0	128542	0.41	0.02
	Clearing Member	74521	0	74521	0.24	32428	0	32428	0.10	-0.14
	Bodies Corporate	809081	0	809081	2.60	519248	0	519248	1.68	-0.92
	Sub Total (B)(3)	6519669	2	6519671	20.94	6042975	2	6042977	19.54	-1.40
	Total Public Shareholding(B)=(B)(1)+(B)(2)+(B)(3)	13113894	2	13113896	42.12	12259549	2	12259551	39.63	-2.49
	Total (A)+(B)	31132107	2	31132109	100.00	30369568	2	30369570	98.18	-1.82
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	0.00	563844	0	563844	1.82	1.82
	Total (A)+(B)+(C)	31132107	2	31132109	100.0000	30933412	2	30933414	100.00	

Note: 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 were bought back under Buy-Back offer and extinguished after closure of March 31, 2019).

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 2019			Shareholding at the end of the year 2020			% Change in the shareholding during the year
		No. of shares held	% of the Total of the Company	% of Shares pledged/encumbered to total shares	No. of shares held	% of the Total of the company*	% of Shares pledged/encumbered to total shares	
1	Saphire Finman Services LLP	5026433	16.15	0	5026433	16.25	0	0.10
2	Nikhil Kumar	4638664	14.90	0	4655470	15.05	0	0.15
3	Mohib Nomanbhai Khericha	3730960	11.98	0	3730960	12.06	0	0.08
4	Hitoshi Matsuo	3235254	10.39	0	3235254	10.46	0	0.07
5	Chartered Capital & Investment Ltd.	1134252	3.64	0	1134252	3.67	0	0.03
6	Sofia Mohib Khericha	200000	0.64	0	200000	0.65	0	0.01
7	Lavanya Sankaran	52650	0.17	0	127650	0.41	0	0.24
	Total	18018213	57.88	0	18110019	58.55	0	0.67

* Percentage of shareholding as on March 31, 2019 is calculated based upon the total paid up equity shares of the Company (including 1, 22, 886 equity shares which were bought back under Buy back offer and extinguished after closure of March 31, 2019).

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, 2019)		Date	Reason	Increase/ Decrease in Shareholding	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the company
1	Saphire Finman Services LLP	5026433	16.15	-	-	-	5026433	16.25
		-	-	-	-	-	5026433	16.25
2	Nikhil Kumar	4638664	14.90	-	-	-	4638664	15.00
				20.03.2020	Market	12806	4651470	15.04
				20.03.2020	Purchase	4000	4655470	15.05
				-	-	-	4655470	15.05
3.	Mohib N Khericha	3730960	11.98	-	-	-	3730960	12.06
				-	-	-	3730960	12.06

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

SHAREHOLDING PATTERN (CONTD.)

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (April 1, 2019)		Date	Reason	Increase/ Decrease in Shareholding	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the company
4.	Hitoshi Matsuo	3235254	10.39	-	-	-	3235254	10.46
	At the end of the year	-	-	-	-	-	3235254	10.46
5	Chartered Capital & Investment Ltd.	1134252	3.64	-	-	-	1134252	3.67
	At the end of the year	-	-	-	-	-	1134252	3.67
6	Sofia Mohib Khericha	200000	0.64	-	-	-	200000	0.65
	At the end of the year	-	-	-	-	-	200000	0.65
7	Lavanya Sankaran	52650	0.17	-	-	-	52650	0.17
				29.05.2019	Market Purchase	75000	127650	0.41
	At the end of the year	-	-	-	-	-	127650	0.41

Note: 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 were bought back under Buy-Back offer and extinguished after closure of March 31, 2019).

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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.	Shareholder's Name	Shareholding at the beginning of the year - 2019		Transactions during the year		Reason	Cumulative Shareholding at the end of the year - 2020	
		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 Nippon India Small Cap Fund	3037197	9.8185	-	-	-	3037197	9.8185
				24 Jan 2020	4832	Transfer	3042029	9.8341
				27 Mar 2020	2269	Transfer	3044298	9.8415
	At the end of the year						3044298	9.8415
2	Sundaram Mutual Fund A/c Sundaram Small Cap Fund	1957562	6.3283				1957562	6.3283
				31 May 2019	19274		1976836	6.3906
	At the end of the year						1976836	6.3906
3	Baring India Private Equity Fund III listed Investments Limited	805778	2.6049				805778	2.6049
		At the end of the year						805778
4	TDPSL Employee Welfare Trust	0	0.0000				0	0.0000
	Transfer			20 Sep 2019	226772		226772	0.7331
	Transfer			27 Sep 2019	83824		310596	1.0041
	Transfer			30 Sep 2019	10572		321168	1.0383
	Transfer			04 Oct 2019	33932		355100	1.1479
	Transfer			22 Nov 2019	50000		405100	1.3096
	Transfer			29 Nov 2019	142606		547706	1.7706
	Transfer			06 Dec 2019	2337		550043	1.7782
	Transfer			03 Jan 2020	13801		563844	1.8228
	At the end of the year						563844	1.8228
5	Bhadra Jayantilal Shah	275000	0.8890				275000	0.8890
		At the end of the year						275000
6	Chetan Jayantilal Shah	275000	0.8890				275000	0.8890
		At the end of the year						275000
7	ICICI Prudential Infrastructure Fund	547608	1.7703				547608	1.7703
				05 Apr 2019	(163707)		383901	1.2411
				12 Apr 2019	(76286)		307615	0.9944
				19 Apr 2019	171		307786	0.9950

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

SHAREHOLDING PATTERN (CONTD.)

Sl No.	Shareholder's Name	Shareholding at the beginning of the year - 2019		Transactions during the year		Reason	Cumulative Shareholding at the end of the year - 2020	
		No. of Shares held	% of total shares of the company	Date of transaction	No. of shares	Transfer	No of Shares held	% of total shares of the company
	Transfer			26 Apr 2019	551		308337	0.9968
	Transfer			03 May 2019	2743		311080	1.0056
	Transfer			17 May 2019	1999		313079	1.0121
	Transfer			24 May 2019	2305		315384	1.0196
	Transfer			12 Jul 2019	828		316212	1.0222
	Transfer			13 Sep 2019	811		317023	1.0249
	Transfer			08 Nov 2019	(8900)		308123	0.9961
	Transfer			07 Feb 2020	(26604)		281519	0.9101
	Transfer			14 Feb 2020	(48320)		233199	0.7539
	Transfer			21 Feb 2020	(476)		232723	0.7523
	Transfer			28 Feb 2020	(21569)		211154	0.6826
	At the end of the year						211154	0.6826
8	Manoj Dua	178180	0.5760				178180	0.5760
	Transfer			26 Apr 2019	3000		181180	0.5857
	Transfer			10 May 2019	2853		184033	0.5949
	Transfer			17 May 2019	4196		188229	0.6085
	Transfer			24 May 2019	1280		189509	0.6126
	Transfer			10 Jan 2020	1636		191145	0.6179
	Transfer			27 Mar 2020	2256		193401	0.6252
	At the end of the year						193401	0.6252
9	Rohinton Soli Screwvala	190400	0.6155				190400	0.6155
	At the end of the year						190400	0.6155
10	Manharlal Chimanlal Parikh - HUF	306000	0.9892				306000	0.9892
	Transfer			31 May 2019	(117614)		188386	0.6090
	Transfer			05 Jul 2019	(386)		188000	0.6078
	At the end of the year						188000	0.6078

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, 2019)		*Date	Reason	Increase/Decrease in share holding	Cumulative Shareholding during the year	
		No. of Shares held	% of total shares of the company				No of Shares	% of total shares of the company
1	Nikhil Kumar	4638664	14.90	-	-	-	4638664	15.00
				20.03.2020	Market Purchase	12806	4651470	15.04
				23.03.2020		4000	4655470	15.05
	At the end of the year						4655470	15.05
2	Mohib N Khericha	3730960	11.98	-	-	-	3730960	12.06
	At the end of the year					-	3730960	12.06
3	Nithin Bagamane			27.05.2019	Market Purchase	38678	38678	0.13
				28.06.2019		1486	40164	0.13
				11.09.2019		3000	43164	0.14
	At the end of the year					43164	43164	0.14
5	Ravi KanthMantha	-	-	-	-	-	-	-
	At the end of the year	-	-	-	-	-	-	-
6	Prathibha Sastry	-	-	-	-	-	-	-
	At the end of the year	-	-	-	-	-	-	-
7	K G Prabhakar	4500	0.01				4500	0.01
	At the end of the year						4500	0.01
8	N Srivasta-Company Secretary	125	0.00	-	-	-	125	0.00
	At the end of the year						125	0.00
9	M N Varalakshmi-CFO	50	0.00	-	-	-	50	0.00
					Market Purchase	50	100	0.00
	At the end of the year						100	0.00

*Date mentioned above denotes traded date.

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

VI. INDEBTEDNESS

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

Sl. No.	Particulars	Secured Loans excluding deposits (₹)	Unsecured Loans (₹)	Deposits (₹)	Total Indebtedness (₹)
A	Indebtedness at the beginning of the financial year (01.04.2019)				
	(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
B	Change in Indebtedness during the fiscal				
	(i) Addition	62,759,259	-	-	62,759,259
	(ii) Reduction	-	-	-	-
	Net Change	62,759,259	-	-	62,759,259
C	Indebtedness at the end of the fiscal (31.03.2020)				
	(i) Principal Amount	676,680,612	-	-	676,680,612
	(ii) Interest due but not paid**	-	-	-	-
	(iii) Interest accrued but not due**	-	-	-	-
	Total (i+ii+iii)	676,680,612	-	-	676,680,612

** 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.

VII REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Remuneration to Managing Director

Sl. No.	Particulars	Nikhil Kumar Managing Director (Amount in ₹ p.a.)
1	Gross salary 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 c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961	1,78,50,000 39,600 Nil
2	Stock Option	Nil
3	Sweat Equity	Nil
4	Commission - as % of profit - others, specify	Nil
5	Others, (contribution to PF) Total from the company	18,36,000 1,97,25,600
6	Salary from wholly owned subsidiary	59,39,125
7	Total (A) (1+6) (including contribution to PF)	2,56,64,725
8	Less; Others, (contribution to PF) ⁽²⁾	18,36,000
9	Total remuneration	2,38,28,725
	Ceiling as pre the Act ⁽¹⁾	2,40,00,000

Note: (1) & (2) The above ceiling of remuneration is on the basis of minimum remuneration payable under the Companies Act and accordingly contribution to PF has not been considered as part of remuneration above.

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

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	5,40,000	3,30,000	5,40,000	2,90,000	5,70,000	22,70,000
2	Commission Others, please specify	-	-	-	-	-	-
	Total 3 (1+2)	5,40,000	3,30,000	5,40,000	2,90,000	5,70,000	22,70,000
	Overall Ceiling as per the Act						NA
	Total Managerial Remuneration(I+II)						2,60,98,725

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

Amount in ₹

Sl. No.	Particulars	Key Managerial Personnel		
		Mr. N. Srivatsa Company Secretary	Ms. M N Varalakshmi Chief Financial Officer	Total Amount
1	Gross salary (p.a.) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	51,11,293	37,19,164	88,30,457
	Value of perquisites u/s 17(2) Income-tax Act, 1961	12,000	31,800	43,800
	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock options / Employees share options cost relating to options granted during the year and debited to P & L Statement	28,61,652	16,40,538	45,02,190
3	Sweat Equity	-		
4	Commission - as % of profit - others, specify...			
5	Others, (contribution to PF)	3,46,032	2,49,480	5,95,512
	Total	83,30,977	56,40,982	1,39,71,959

VIII. 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

Place : Bangalore
Date : August 06, 2020Mohib N. Khericha
ChairmanNikhil Kumar
Managing Director

TD Power Systems Limited

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

ANNEXURE - 2

FORM AOC - I

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

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

Part "A": Subsidiaries

Name of the Subsidiary	Amount in ₹ Lakhs				
	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	NA
*Reporting Currency and Exchange rate as on the last date of the relevant Fiscal 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	(1396.05)	(1459.68)	(99.06)	(100.80)	193.29
Total Assets	878.60	857.88	273.57	1,811.11	3,070.81
Total Liabilities	1,674.65	1,835.78	250.19	1,497.79	2,718.17
Investments	0	0	0	0	0
Total Revenue	61.04	1,182.21	0.44	7,218.80	2,665.43
Profit/(Loss) before taxation	(66.35)	(123.61)	(71.09)	203.76	300.04
Provision for taxation	0	0	0.56	6.74	61.23
Profit/(Loss) after taxation	1,122.95	(123.61)	(71.65)	197.02	238.81
Proposed Dividend	Nil	Nil	Nil	Nil	Nil
Extent of shareholding (in percentage)	100	100	100	100	100

Note: * 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, approval has been obtained for change in fiscal. Accordingly, the fiscal of TD Power Systems Jenerator Sanayi Anonim Sirketi, shall be from April 01 to March 31,

Note: There are no subsidiaries which are yet to commence operations, liquidated or sold during the fiscal 2020.

Part "B": Associates and Joint Ventures - The Company has no Associates or Joint Ventures.

For and on behalf of the Board of Directors

Place : Bangalore
Date : August 06, 2020

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).

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

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

All the transactions made during the fiscal 2020 were at arm's length basis

2. Details of material contracts or arrangement or transactions at arm's length basis for the fiscal 2020 as follows:

The Company has no material contract/arrangement/transactions during the fiscal. However, transactions with related parties are as follows:

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transaction	Duration of the contracts/ arrangements transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any	Amount paid as advances, if any
TD Power Systems (USA)	Sale and purchase transactions	These contracts are limited by value of transactions and have no duration	Approved limit: ₹ 30,00,00,000 payment terms: not exceeding 180 days Advance against purchase order - Back to back basis with subsidiary company terms. Advance/Performance guarantee - Back to back with subsidiary company terms	22.05.2019	Nil
TD Power Systems Japan Ltd.	Sale and purchase transactions	These contracts are limited by value of transactions and have no duration	Approved limit : ₹ 30,00,00,000 payment terms: not exceeding 180 days Advance against purchase order - Back to back basis with subsidiary company terms. Advance/Performance guarantee - Back to back with subsidiary company terms	22.05.2019	Nil
TD Power Systems Europe GmbH	Sale and purchase transactions	These contracts are limited by value of transactions and have no duration	Approved limit : ₹ 1,00,00,00,000 payment terms: not exceeding 180 days Advance against purchase order - Back to back basis with subsidiary company terms. Advance/Performance guarantee - Back to back with subsidiary company terms	22.05.2019	Nil
TD Power Systems Jenerator Sanayi Anonim Sirketi	Sale and purchase transactions	These contracts are limited by value of transactions and have no duration	Approved limit : ₹ 25,00,00,000 payment terms: not exceeding 180 days Advance against purchase order - Back to back basis with subsidiary company terms. Advance/Performance guarantee - Back to back with subsidiary company terms	22.05.2019	Nil

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

ANNEXURE - 3 (CONTD.)

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transaction	Duration of the contracts arrangements/	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any	Amount paid as advances, if any	
Ravindu Motors Private Limited	Purchase, Sale and service of cars	From 22.05.2019 to 21.05.2020	Approved limit : ₹ 1,00,00,000 As may be charged by Ravindu to its customers in general	22.05.2019	Nil	
Trident Automobiles Private Limited		From 22.05.2019 to 20.05.2020	Approved limit : ₹ 1,00,00,000 As may be charged by Trident to its customers in general	22.05.2019	Nil	
Trident Auto Enterprises Private Limited						
Trident Auto Private Limited						

Note: The definition of material contract or transaction is not defined under the Companies Act, 2013. Therefore, the Company determines materiality of its transaction with related party based on the explanation provided under regulation 23 of SEBI (Listing Obligations and disclosure requirements), Regulations 2015.

Place : Bangalore
Date : August 06, 2020

For and on behalf of the Board of Directors

Mohib N. Khericha
Chairman

Nikhil Kumar
Managing Director

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ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

ANNEXURE – 4

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

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

A.	Conservation of Energy	
	Steps taken or impact on conservation of energy	<p>Following steps have resulted in significant reduction in power consumption and costs:</p> <p>HPSV lamps replaced with LED high bay lamps.</p> <p>400watts HPMV fixtures has been replaced by 200watts.</p> <p>LED lighting fixtures. 250 watts street lights have been replaced by 80 watts light fixtures. Better utilization of the Oven by pooling stators for VPI Process.</p>
	Steps taken by the company for utilizing alternate sources of energy	None
	Capital investment on energy conservation Equipment	No significant investments were required for the above initiatives.
B	Technology Absorption	
1	Efforts made towards technology absorption	<p>Based on technology absorption in respect of a specialized product manufactured for a multinational manufacturer, the following enhancements were carried out in the production line:</p> <ul style="list-style-type: none"> - Installation of CNC VTL machines, shot blasting, Painting and VPI plants, Horizontal machining centre, Stretching machine for stator coil & Coordinate measuring machine. --Core stamping automation & enhancements at the machine shop and core assembly. <p>Enhancements were carried out in software assets to improve precision and speed in design and development.</p>
2	Benefits derived like product improvement, cost reduction, product development or import substitution	<p>Benefits derived from the above include:</p> <ul style="list-style-type: none"> - better accuracy in measurements and quality control at CNC machine shop - core stamping automation resulted in improved productivity of more than 50% and reduced Human intervention. Operators used only for unloading the finished stack and loading to facilitate new core stacking -Design Improvement by weight reduction in certain machine models. Top insertion design with weight reduction for about 5 projects - cost reduction by Design and development team. - Cost reduction by Sourcing by strategic buying and advanced buying based on forecast lead to substantial savings

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

ANNEXURE - 4 (CONTD.)

3	In case of imported technology (imported during the last three years reckoned from the beginning of the FY),	Technology absorption referred to above is based on a technology transfer agreement with an overseas entity	
	a. Technology Imported		
	b. Year of Import	Fiscal 2020	
	c. Has technology been fully absorbed	Yes	
	d. If not fully absorbed, areas where this has not taken place, reasons thereof	Not Applicable	
	Expenditure incurred on Research and Development	(Rs. in lakhs)	
	a. Capital	Nil	
	b. Recurring	Rs.490.56	
	c. Total	Rs.490.56	
	d. Total R&D expenditure as a percentage of turnover	1.02%	
C	Foreign Exchange Earnings and Outgo		
	Earnings in foreign Exchange [Value of Exports on FOB basis]	Rs.16,535.17 lakhs	
	Export of goods calculated on FOB basis	Rs.141.10 lakhs	
	Royalty, Knowhow, professional and consultancy fees		
	Total	Rs. 16,676.28 lakhs	
	*Foreign Exchange outgo (Expenditure in foreign currency)	Capital Equipment Purchased	Rs. 226.56 Lakhs
		Others	Rs. 688.23 Lakhs
		Total	Rs. 914.79 Lakhs

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

Place : Bangalore
Date : August 06, 2020

For and on behalf of the Board of Directors

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 Fiscal	Name of the Director	Ratio to the Median
		Mr. Nikhil Kumar - Managing Director	36:1
ii	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Fiscal.	Name of the Director	% Increase
		Mr. Nikhil Kumar - Managing Director	Nil
		Mr. N Srivatsa - Company Secretary	6%
		Mrs. M N VaraLakshmi - CFO	6%
iii	The percentage increase in the median remuneration of employees in the Fiscal.	Average 6%	
iv	The number of permanent employees on the rolls of Company	621	
v	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last Fiscal 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 2019-20 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 median remuneration of employee is provided only for those directors, who have drawn remuneration from the Company for the full fiscal 2020.

Place : Bangalore
Date : August 06, 2020

For and on behalf of the Board of Directors

Mohib N. Khericha **Nikhil Kumar**
Chairman 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 2020 including perks (Rs. pa)	Previous employment and designation
1	Nikhil Kumar	Managing Director	Bachelor of Engineering	29 Yrs	Rs.2,38,28,725/-	Kirloskar Electric Company Limited
2	Srivatsa N	Company Secretary	FCS	38 Yrs	Rs.54,69,325/-*	Kingfisher Airlines Limited
3	Prabhamani S	COO	M. Tech	36 Yrs	Rs.49,96,461/-	Kirloskar Electric Company Limited
4	Ramakrishna Varna	Head - SBU 2	BE, MBA	27 Yrs	Rs.41,60,429/-	Kirloskar Electric Company Limited
5	Vinay Hegde	Head – Marketing	BE	26 Yrs	Rs.41,60,417/-	Cummins Generator Technologies Limited
6	Vasudeva Murthy R	Head SBU 1	M.Com	30 Yrs	Rs.40,21,474/-	Kirloskar Electric Company Limited
7	M N Varalakshmi	CFO	ICWA	27Yrs	Rs.40,00,444/-*	Kirloskar Electric Company Limited
8	Vishwanath U Hangari	Head Design & Development	M. Tech	31 Yrs	Rs.37,17,616/-	GE India Technology Private Limited
9	Ramesh N S	Head Technical Support	DME	34 Yrs	Rs.35,48,867/-	Kirloskar Electric Company Limited
10	Shekar CS	Head Projects - STG	BE	26 Yrs	Rs.32,66,983/-	Encons Services Ltd

Note : *The remuneration does not include the cost relating to options granted during the year under ESOP debited to Profit & Loss Statement.

Place : Bangalore
Date : August 06, 2020

For and on behalf of the Board of Directors

Mohib N. Khericha **Nikhil Kumar**
Chairman 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. Nikhil Kumar	Managing Director
Mr. K G Prabhakar	Non-Executive Non Independent Director
Ms. Prathibha Sastry	Independent Director

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 its policy and the ongoing project under the said policy are in line with the items as specified under Schedule VII of the Companies Act, 2013. The policy was approved by the Board of Directors of the Company, after taking into account the recommendations of the CSR Committee. 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, the 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.

During the Fiscal 2020, the following activities were carried out considering the CSR outlay required to be spent by the Company:

1. Maintenance of Kalyani-Our efforts in desilting & cleaning has enabled restoration of this water body to

its original state. Over the last year and this year, the water storage level has increased considerably.

2. Handover of the Public toilet for maintenance by the care-taker appointed by the Gram Panchayat (GP).
 3. Oversight of the Solid waste management program. Based on insights gained regarding the prevalent issues interaction has been initiated with the gram panchayat to chalk out a way forward.
 4. Extended house-to-house collection of segregated waste to wards.
 5. Mapped all the households that segregate wastes at source and make payment regularly.
 6. Brought the issue of non-compliance and non-payment by the households for the services taken to the notice of the Gram Panchayat.
 7. Maintenance of the public place in prime condition. Village residents are utilizing the facility for walking, exercising and for general recreation.
 8. Clearing debris from children's play area and creating an approach road between the Public Park and children play area.
 9. Training and capacity building in SWM. Scaling up of the solid waste management (SWM) across the village.
 10. Maintenance of the dry waste center.
 11. Initial work on development of vegetable market place for the rehabilitation of displaced street vendors who were occupying govt. land.
 12. Initial step for extending the Tyamagondlu IWSM initiative to other locations in the neighborhood to bring economies of scale. Through agencies engaging Govt. of Karnataka for deepening the initiative in Tyamagondlu and scaling the initiatives in Nelamangala Taluk, Bengaluru rural district.
3. Average net profit of the Company for last three fiscals, as per Section 198 of Companies Act, 2013: The average net profit of the Company for the last three fiscals is Rs.676.65 Lakhs.
 4. Prescribed CSR expenditure (two per cent of the amount as in item 3 above): Rs.13.53 Lakhs (2% of Rs.676.65 Lakhs)
 5. Details of CSR spent during the fiscal.
 - a. Total amount required to spent for the fiscal: Rs.13.53 Lakhs and the Company has spent Rs.16 Lakhs.
 - b. Amount unspent, if any: Nil
 - c. Manner in which the amount spent during the fiscal

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

ANNEXURE - 7 (CONTD.)

Amount in ₹ 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 as approved by Board (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	30	16	224.77	Implementing Agency
2	Akshaya Patra	Eradication of hunger and malnutrition (i) of Schedule VII	Bangalore City	-	-	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 fiscal or any part thereof, the Company shall provide the reasons for not spending the amount in its Report : **Not Applicable**
7. A responsibility statement of the CSR committee that the implementation and monitoring of CSR Policy, complies CSR objectives and policy of the Company: The CSR committee confirms that the implementation and monitoring of the CSR policy, complies with the CSR objectives and policy of the Company.

For and on behalf of the Board of Directors

Place : Bangalore
Date : August 06, 2020

Nikhil Kumar
Managing Director

Ravi Kanth Mantha
Chairperson-CSR Committee

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ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

ANNEXURE - 8

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2020

[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, 2020, 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, 2020 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, 2018 (No instances for compliance requirements during the year);
 - (f) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (g) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, (No instances for compliance requirements during the year);
 - (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

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

- (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 wherever sent at shorter period, the requisite consent from the directors was obtained 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 (Share Based Employee Benefits) Regulations, 2014, the Company at its Annual General Meeting held on 12th August 2019, passed the special resolution to approve TDPSL Equity Based Compensation Plan 2019. Through the said Special Resolution the shareholders have approved the scheme for issue of options to the eligible employees of the Company and its subsidiary company(ies) with the share based incentive units comprising of employee stock options and/or employee stock appreciation rights (collectively referred to as "Options") exercisable into not more than 10,00,000 (Ten Lakh) equity shares of face value of Rs.10/- (Rupees Ten) each fully paid-up in aggregate, out of which not more than 5,65,000 (Five Lakh Sixty Five Thousand) equity shares shall be sourced from secondary acquisition through the Trust and not more than 4,35,000 (Four Lakh Thirty Five Thousand) equity shares by way of issue by the Company to the Trust and to be transferred by the Trust to the eligible employee upon exercise of rights attached to the options.

Place : Bangalore
Date : 05-08-2020

Sudhir Vishnupant Kulyalkar
Company Secretary in Practice
FCS 6040 CP 6137
UDIN: F006040B000552685

ANNEXURE TO THE DIRECTORS' REPORT (CONTD.)

ANNEXURE – 9

MANAGEMENT DISCUSSION AND ANALYSIS

“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.”- Our corporate credo which inspires Team tdps to strive for excellence & customer satisfaction.

Some of the special efforts in fiscal 2020 which reinforces faith in our capabilities are as follows:

- A 2 pole Generator which uses waste heat from Gas Turbine exhausts converting the plant from Simple Cycle to a Combined Cycle, supplied to a large power producer of Ivory Coast who produces more than one third of country's electricity requirement with their privately owned power plants.
- Development & supply of a 14.6 MW Mobile Generator executed for a world class Turbine manufacturer for Fracking application in the Oil & Gas industry in USA. TDPS was selected as the vendor amongst global competition.
- Break through orders from USA – a 3.2 MW steam turbine Generator for an end customer who is a global leader & a 13.5 MW steam turbine Generator designed and supplied by TDPS with UL for a Government funded Research and Development program in USA.
- Recognition & foothold in the Turkish market in short span of presence. Breakthrough orders from -locally reputed customers as well as global companies for steam and Hydro application generators & a challenging order from a global leader based in Israel for Geo thermal application.
- Two efforts demonstrating our R& D & design and manufacturing capabilities.
- First Machine with ATEX Certification and Purging System – designed and developed a 29.7MVA Generator for a leading Turkish EPC player (the Turkish representative of a global industrial products leader) suitable for hazardous area with ATEX Certification (certified by IEP Energy Petroleum Institute) and Purging System for Binary ORC Geothermal Power Plant in Turkey. This is one of the largest machines with CACA cooler designed and supplied by TDPS.
- Developing a Gas Turbine Generator (18.25MVA) with variable output ranging from 16MVA to 23MVA for

different ambient conditions satisfying stringent requirement for a customer in the USA. (This Generator has specialties like, multiple voltage and frequency, Low shaft run out and vibration limit, Hazardous location certified by CSA Group).

- TDPS has emerged a preferred choice for replacement of competitor Generators. Two special orders for replacement – one for a 36 MW steam turbine generator supplied by a reputed manufacturer and another 40MW Gas Turbine Generator for Bolivia for the first time through global leader in power Generator equipment. This is also the first time that TDPS designed and supplied Generator for a special Gas Turbine Series.
- In cooperation with leading power equipment manufacturers, TDPS will be supplying the Diesel Generator set of 2000 kVA for a dedicated emergency standby application in 2020 which is to be installed in an Atomic Power project at Kalpakkam, Tamil Nadu where commissioning of the newly developed Prototype Fast Breeder Reactor (PFBR) Nuclear power plant of 500MW has commenced.
- An order for a 10x1600kVA Diesel Engine Generator order for a defence installation in Kolkata, India, signaling one more step to gain foothold in the Indian Defence sector.
- Jointly supplied 2x1250kVA Diesel Engine Generators used for the Satellite Launch pad application- indeed one of the prestigious projects executed by TDPS.

Our capabilities reinforce our position as 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 gas turbine 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. We also have proven ability in manufacture of Generators for Geo thermal applications meeting high performance standards.

The opening order book for fiscal 2020 was Rs.1,03,041 Lakhs, including Railways business of Rs.75,106 Lakhs. Domestic order book stood at 33% and Export including deemed exports orders stood at 67% of the order book excluding traction business. Steam, Hydro & Diesel contributed 48%, 40% & 4% of the order book excluding traction business.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

During fiscal 2020 the total orders inflows was Rs.55,606 lakhs including Rs.942 lakhs at Turkey. Domestic order inflows stood at 33%, while Export including deemed exports orders stood at 67% of the order inflow. Steam, Hydro, Diesel & Gas segments contributed to about 49%, 29%, 8% & 14% of manufacturing revenues in fiscal 2020.

While top 10 customers contributed 77% of consolidated revenues in fiscal 2020 (78% in fiscal 2019), we continue to add new customers in our mainstay applications- Steam (Malaysia, Italy, Israel), Hydro (India, Turkey) & Diesel (Germany). We also added a new customer for wind application in Germany. In fiscal 2020 we have succeeded in empaneling our generators for Defense application (Navy). In our quest to have our Generators enlisted widely, we continue to undergo audits by OEMs for supply to Defense, nuclear, wind and Diesel applications.

As of March 31, 2020 (fiscal 2020) 4505 generators have been supplied to over 95 countries. Majority of the Installations are in Asia (including Eurasia) & Middle East (3689) followed by Europe (360), Africa (197, Americas (186) & Oceania (73). The representative country wise installations for each of the continents as follows indicates our global footprint:

Asia & Middle East- India (2846), Japan (67), Korea (26), Thailand (114), Indonesia (114), Philippines (47) and Russia (from Eurasia) (78), Iraq (27).

Africa- South Africa (27), Nigeria (34), Kenya (40), Uganda (18)

Europe- United Kingdom (27), Norway (54), Germany (53), Italy (22), Austria (29) and Turkey (60).

Americas- United States (101)

Oceania- Australia (63)

Our Generators installed in the above locations cater to different applications, specifications, geographical and climatic challenges which proves our design, manufacturing and quality capabilities over the years.

The Turkey and Europe subsidiaries performed well in fiscal 2020. The performance of the overseas subsidiaries is stated in the Directors Report.

Based on the strong order inflow trend, we were heading to what could have been the best year for TDPS in terms of top line sales of about Rs.57,500 lakhs to Rs.58000 lakhs including Turkey. Due to the ongoing Pandemic Covid 19, both manufacturing units of the Company were temporarily shut down from March 23 2020 following the lockdown & restrictions announced by the Central Government which prevented completion of customer inspections & shipping. The company was permitted by the Government of

Karnataka to open its manufacturing units from April 21 2020 since the company had to fulfill orders for supply of emergency power generators for hospitals and Pharma companies producing COVID-19 supplies. However, due to restrictions on inter-district movement of people and non-availability of materials due to restrictions on our suppliers, operations could be commenced partially with all CoVid related safety & health protocols in place.

As a consequence, manufacturing revenue of about Rs.3,000 lakhs was deferred due to the ongoing Covid 19 pandemic & eventual lockdown from March 23, 2020. The manufacturing revenue was Rs.45,506 lakhs in fiscal 2020 as compared to Rs.40,798 lakhs in fiscal 2019, an increase of 11%. Exports and deemed exports contributed 60% of manufacturing revenues and domestic revenues contributed 40 % in fiscal 2020 which is the same as in fiscal 2019. Steam and Hydro contributed 78% of manufacturing revenues as compared to 75% in fiscal 2019. Steam contributed 49% & Hydro contributed 29% of manufacturing revenue in fiscal 2020 as compared to 61% & 14% respectively in fiscal 2019. Thus, steam and hydro continue to be our mainstay segments & is indicative of the global trends while there is a gradual transition to other applications like diesel, gas, wind & geo thermal applications.

Consequent to successful completion of the required tests and evaluation, deliveries were commenced under the traction business which contributed Rs.4,400 lakhs to the Revenues in fiscal 2020. The project business revenues was Rs.3,162 lakhs in fiscal 2020 as compared to Rs.4,342 lakhs in fiscal 2019.

The standalone total income for fiscal 2020 was Rs.49,761 lakhs as compared to Rs.45,595 lakhs for fiscal 2019. The profit after tax and other comprehensive income is Rs 1,690 lakhs in fiscal 2020 as compared to Rs.697 lakhs in fiscal 2019.

The following ratios reflected a change of 25 % or more on a standalone basis:

- Debtors Turnover – 2.98 times in fiscal 2020 as compared to 2.05 times in fiscal 2019- lower realizations from Debtors as at March 31 2020 due to ongoing Covid 19 pandemic disrupting realization.
- Net profit margin- 3.31 % in fiscal 2020 as compared to 1.59% in fiscal 2019 - due to higher sales revenue, operating profit margins, lower tax expense and exceptional income from sale of surplus land.
- Return on Net worth- 3.49% in fiscal 2020 as compared to 1.55% in fiscal 2019- due to higher sales revenue, operating profit margins, lower tax expense and exceptional income from sale of surplus land.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

On a consolidated basis, the total income including exceptional item is Rs.54213 lakhs in fiscal 2020 as compared to Rs.46,818 lakhs in fiscal 2019. The profit after tax including comprehensive & exceptional income is Rs.2,885 lakhs in fiscal 2020 as compared to Rs.290 lakhs in fiscal 2019. During fiscal 2020, a write back of Rs.1,200 lakhs was affected in the Indian subsidiary (DFPS) in respect of dues to overseas supplies.

The following ratios reflected a change of 25 % or more on a consolidated basis:

- Debtors Turnover – 2.98 times in fiscal 2020 as compared to 2.05 times in fiscal 2019- lower realizations from Debtors as at March 31 2020 due to ongoing Covid 19 pandemic disrupting realization.
- Net profit margin-5.81 % in fiscal 2020 as compared to 0.70 % in fiscal 2019 – due to higher sales revenue, operating profit margins & lower tax expense on standalone basis and exceptional income from sale of surplus land on standalone basis and in Indian subsidiary as well as growth in turnover & profits in overseas subsidiary.
- Return on Net worth- 7.04% in fiscal 2020 as compared to 0.77% in fiscal 2019 due to higher sales revenue, operating profit margins & lower tax expense on standalone basis and exceptional income from sale of surplus land on standalone basis and in Indian subsidiary as well as growth in turnover & profits in overseas subsidiary.

The Turkey and Europe subsidiaries performed well in fiscal 2020. The performance of the overseas subsidiaries has been stated in the Directors Report.

Outlook

We witnessed a continuation of the strong order inflow for fiscal 2021. We had a spillover from last year up to around Rs.3000 lakhs which is also the postponements up to approximately the same amount from the original order book. Most of the postponements are from the Indian market with almost negligible postponements from our overseas orders. There are no order cancellations as of date. The pending order book as on 01st April 2020 was Rs.1,10,691 Lakhs (Rs.1,02,124 lakhs for India and Rs.8,567 lakhs for Turkey), including traction business of Rs.71,507. The share of exports and deemed exports is 66% of order book excluding traction business.

Manufacturing facilities were partially reopened on April 21 2020 after obtaining necessary approvals from the Government Authorities. With the progressive easing of the lockdown restrictions from May 3 2020 & further

permissions and relaxations, it has been possible to achieve almost normal operational levels from around May 11 2020. The Company however, adopted work from home policy during the entire duration of the lockdown for the Management Staff. Required steps were initiated to restart operations with safety and CoVid related protocol in place including those relating to movement of work men & staff, materials & shipment of finished goods. The incremental costs incurred by the company to adhere to the standard operating procedures notified by the Government / Authorities was not very significant. The lockdown affected the sales of the company severely in Q1 of fiscal 2021 since almost 6 weeks were lost. It is expected that, sales will recover substantially by the end of first half of 2020 and the impact on our business in fiscal 2021 is not expected to be material since exports contribute to majority of our sales and we do not see any material impact on demand in our international business in the short term. The company may have to resort to 3rd Shift full operations to meet the targets. Initially there were signs of impact on the domestic sales both in fiscal 2020 and fiscal 2021.

However, since the end of the first quarter of fiscal 2020, recovery in the markets seems to be reviving gradually. While international markets did not collapse like the Indian market, we are seeing signs of recovery in the domestic market and we expect full recovery to be in place by the end of the fiscal 2021.

The order inflow has been somewhat impacted but our pipeline is very strong and we do not see any reduction of order inflow by the end of first half of fiscal 2021. It takes time to revive the momentum back to normal. Subsequently, if the domestic market continues to recover as expected, we will see comparable numbers compared to last year by the end of second half of fiscal 2021 which will drive the forecasts for next year. Needless to say, these forecasts are based on no further lockdowns.

We are happy to Report a substantial order for 9 machines of 9 MW from a major US based engine maker for a barge mounted de-salination plant to be delivered to Saudi Arabia. These machines are to be delivered in the 3rd quarter of this fiscal 2021. In addition, we have received 3 more generators as prototype orders for 3 more engine types & so our business with this engine maker is progressing well and is a very good prospect for the future.

Our traction business in India for this year has been impacted by the ongoing Covid 19 pandemic. Our customer has reduced the forecast by about Rs.3500 lakhs as compared to the original projections due to the delay of production at their

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

plant owing to the lockdown. Effectively that is around 3 months of production for this customer and that corresponds to the time that they have lost. However, they are expected to be at peak production rate from November in this fiscal 2021 which will lead to full volume from thereon into the next fiscal 2022 promising to be Rs.10,000 lakhs topline segment for us.

Similarly, we are seeing a marked slowdown in projects in the Hydro Segment since typically these machines are highly customized and require a lot of face to face meetings and international travel. This has slowed down considerably but there are a few big orders that were close to finalization pre-COVID that will be finalized in the next few months and those orders will help the numbers for fiscal 2022 substantially.

The segments that are doing well at the moment are engine, steam turbine, gas turbine, special machines and our replacement business. The top line of our subsidiary, TDPS Turkey will be extraordinary this year with sales of around Rs.10,000 lakhs. We are awaiting the Government policy extensions to firm up the outlook for next year. We expect the announcement any moment now since it is long overdue. But there is an impact of fresh investments in Turkey due to Covid-19 and we expect to see the effects in the business for fiscal 2022.

We reiterate that business for fiscal 2021 is still stable at this time and expect fiscal 2021 to be a good year for the company. Our push for cost reductions is ongoing which is expected to yield benefits in fiscal 2021 too. 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 2021. We also continue to focus on building our existing portfolio of generators for other applications. The Company continues to remain debt free and 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. With the strong order inflow and the overall market scenario in the beginning of the year, it seemed that fiscal 2021 was on the track to be an exceptional year with an expected 25% growth. However, due to the impact of covid, that growth may be impacted but we hope to achieve double digit growth including our Turkey business.

Risk Management and Mitigation

The Company's business relates to manufacture and sale of generators falling under capital goods sector and is

dependent on national & global economic growth, investment climate and business confidence as well as the sectors where in the Company's products are used.

Our significant presence helps us to weather the vagaries in the domestic market & we are well placed to capitalize on any upswing in domestic demand. Our focus on exports and ongoing association with leading global leaders are the drivers which is imparting sustainability & growth for the company's operations. 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 is faced with factors stated above. The Company continues to focus on marketing its products in the global markets and has collected top notch references which has enabled it to gain a firm foothold in the overseas markets. 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 & increased 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. On the back of such initiatives, the contribution of exports to the total turnover has significantly grown and provided sustainability to our revenues. Manufacture & supply of generators in Turkey catering to the Turkey market requirements which promises to be a significant market for the Company is a noteworthy step in this direction. Increasing acceptance and ordering by European customers on our Europe subsidiary reflects the success of our overseas marketing foray.

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

superior in quality or effectiveness to our generator could affect our dominant market position in this segment. However, our R& D & design capabilities support technological & design upgrades to meet customer specifications & requirements.

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. We have also acquired rights to technology relating Hydro generators from a globally reputed OEM. The continuing efforts to diversify offerings in product verticals catering to 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.

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 and derive significant benefit of advanced technologies, greater global reach, and 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 provide value proposition to customer with products which meet the benchmark efficiencies at a competitive price and shorter delivery time. The Company continues to upgrade its 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 and Development

We have 2 manufacturing units, both 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. We invest in upgradations, modernization and automation of processes and design on an ongoing basis to ensure that our facilities are state of the art in generator manufacture. We have also setup a facility near Istanbul in Turkey for manufacture of generators for Turkish market.

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 cost. 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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

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

- a. Ensure safety and Health of our employees, associated stakeholders and focus on how to make the world a better place to live.
- b. Comply with all applicable legal Safety and Health performance of individuals at different levels while considering their career advancement in the organization.
- c. Enhance Safety, Health and Environment (SHE) awareness amongst employees and associated stakeholders through effective communication and training.
- d. Ensure SHE responsibility amongst all the employees in their practices, promote and value their involvement in achieving the goals of this policy.
- e. Fix responsibility of SHE policy and procedures on the contractors, Sub-Contractors, Transporters and all other agencies operating with the Company.
- f. 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 quality & export markets. The Company 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-man hours per employee was dedicated for training. Employee relations continue to remain peaceful and cordial. As on March 31, 2020, the total strength of employees, including permanent, contract basis and trainees stood at 1,141.

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.

In a new initiative of recruiting women employees for the first time in the manufacturing unit, 10 women employees were recruited during August 2019 & provided technical training. They are currently deployed in the Stator Coil Insulation section used in manufacturing a product for the Railways.

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 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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

Financial Review

Consolidated basis

The results of operations as of and for fiscal 2020 and 2019 on a consolidated basis is as follows:

Particulars	Fiscal 2020		Fiscal 2019	
	(Rs. in Lakhs)	% of Total Income	(Rs. in Lakhs)	% of Total Income
Income:				
Sales	51,489.34	97.50	45,902.20	98.04
Other Income	1,318.76	2.50	915.90	1.96
Total Income	52,808.10	100.00	46,818.10	100.00
Expenditure:				
Consumption of Raw Material, Stores, Spare parts and Components	34,219.52	64.80	27,349.71	58.42
Purchases for Project Business	1,717.82	3.25	4,609.70	9.85
Operating and Other Expenses	12,231.29	23.16	11,226.54	23.98
Interest and Finance Charges	545.19	1.03	284.29	0.61
Depreciation Amortization of Technical Knowhow	2,222.66	4.21	2,598.97	5.55
Total Expenditure	50,936.48	96.46	46,069.21	98.40
Profit Before Tax & Exceptional item	1,871.62	-	748.89	-
Exceptional item	1,405.24	-	-	-
Profit Before Tax	3,276.86	-	748.89	-
Provision for Taxation	796.68	-	601.13	-
Deferred Tax	(513.57)	-	(172.09)	-
Profit/(Loss) After Tax	2,993.75	-	319.85	-
Other Comprehensive Income				
Exchange difference on translation of foreign operations	(19.41)	-	(15.76)	-
Re-measurement of defined benefit plans	(119.44)	-	(21.35)	-
Deferred tax on the above	30.07	-	7.47	-
Total	(108.78)	-	(29.64)	-
Total Comprehensive Income	2,884.97	-	290.21	-

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

Fiscal 2020 compared to Fiscal 2019

INCOME

Total income increased by Rs.5,990.00 Lakhs, or 12.79%, to Rs.52,808.10 Lakhs in fiscal 2020 from Rs.46,818.10 Lakhs in fiscal 2019, primarily due to growth in the Manufacturing Business. The net sales and Other Income contributing to Total Income are as follows:

NET SALES

Net sales was 97.50% of total Income in fiscal 2020 versus 98.04% in fiscal 2019 & increased by Rs.5,587.14 Lakhs, or 12.17%, to Rs.51,489.34 Lakhs in fiscal 2020 from Rs.45,902.20 Lakhs in fiscal 2019.

Net sales from our manufacturing business increased by Rs.8,699.89 Lakhs or 21.95%, to Rs.48,327 Lakhs in fiscal 2020 from Rs.39,627.11 Lakhs in fiscal 2019 contributing 91.51% and 84.64% of our Total Income in fiscal 2020 and 2019, respectively. This growth was mainly on account of growing export markets and the new orders in the Turkey market.

Net sales from our Project Business decreased by Rs.3,112.75 Lakhs or 49.60%, to Rs.3,162.34 Lakhs in fiscal 2020 from Rs.6,275.09 Lakhs in fiscal 2019 & contributed 5.99% and 13.40% of our Total Income in fiscal 2020 and 2019, respectively.

OTHER INCOME

Other income increased by Rs.402.86 Lakhs or 43.99%, to Rs.1,318.76 Lakhs in fiscal 2020 from Rs.915.90 Lakhs in fiscal 2019 contributing 2.50% and 1.96% of our total income in fiscal 2020 and 2019, respectively.

Foreign exchange gain increased by Rs.396.54 Lakhs, to Rs.405.95 Lakhs in fiscal 2020 from Rs.9.41 Lakhs in fiscal 2019 due to gains from forward booking and favorable exchange rates.

EXPENDITURE

Total expenditure increased by Rs.4,867.27 Lakhs or 10.57%, to Rs.50,936.48 Lakhs in fiscal 2020 from Rs.46,069.21 Lakhs in fiscal 2019.

CONSUMPTION OF RAW MATERIAL, STORES, SPARE PARTS AND COMPONENTS

Consumption of raw material, stores, spare parts and components expenses increased by Rs.6,869.81 Lakhs or 25.12% to Rs.34,219.52 Lakhs in fiscal 2020 from Rs.27,349.71 Lakhs in fiscal 2019, primarily due to increase in the volume of manufacturing product. Expressed as a percentage of total

income, a raw material consumed expense contributes 64.80% in fiscal 2020 from 58.42% in fiscal 2019.

PURCHASES FOR PROJECT BUSINESS

Our purchases for Project Business including Japan Subsidiary decreased by Rs.2,891.88 Lakhs, or 62.73%, to Rs.1,717.82 Lakhs in fiscal 2020 from Rs.4,609.70 Lakhs in fiscal 2019 due to lower sales volumes. Expressed as a percentage of total income, purchase for project business contributes 3.25% in fiscal 2020 from 9.85% in fiscal 2019.

OPERATING AND OTHER EXPENSES

Our operating and other expenses increased by Rs.1,004.75 Lakhs or 8.95%, to Rs.12,231.29 Lakhs in fiscal 2020 from Rs.11,226.54 Lakhs in fiscal 2019. Expressed as a percentage of total income, operating and other expenses is 23.16% in fiscal 2020 when compared to 23.98% in fiscal 2019. This was mainly due to increase in power & fuel, salaries and wages, insurance, Bank charges, other manufacturing, repairs & maintenance costs.

Power and fuel expenses increased by Rs.52.39 Lakhs or 7.86%, to Rs.718.55 Lakhs in fiscal 2020 from Rs.666.16 Lakhs in fiscal 2019 on account of increased volume of manufacturing product.

Personnel expenses through salaries, wages and bonuses increased by Rs.268.23 Lakhs or 4.94%, to Rs.5,700.32 Lakhs in fiscal 2020 from Rs.5,432.09 Lakhs in fiscal 2019 due to inflationary increase in salaries of staff and workmen.

Repair expenses increased by Rs.67.72 Lakhs or 26.13%, to Rs.326.88 Lakhs in fiscal 2020 from Rs.259.16 Lakhs in fiscal 2019.

Insurance expenses increased by Rs.8.27 Lakhs or 13.81%, to Rs.68.14 Lakhs in fiscal 2020 from Rs.59.87 Lakhs in fiscal 2019.

Consultancy and Professional charges including contribution to corporate social responsibility increased by Rs.53.14 Lakhs or 14.62%, to Rs.416.72 Lakhs in fiscal 2020 from Rs.363.58 Lakhs in fiscal 2019.

Bank charges increased by Rs.148.68 Lakhs or 51.26% to Rs.438.71 Lakhs in fiscal 2020 from Rs.290.03 Lakhs in fiscal 2019 due to higher utilization of non-fund limits.

Manufacturing expenses increased by Rs.69.61 Lakhs or 48.91%, to Rs.211.93 Lakhs in fiscal 2020 from Rs.142.32 Lakhs in fiscal 2019.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)**INTEREST AND FINANCE CHARGES**

Our interest and finance charges increased by Rs.260.90 Lakhs or 91.77%, to Rs.545.19 Lakhs in fiscal 2020 from Rs.284.29 Lakhs in fiscal 2019, due to higher utilization of working capital and exchange fluctuation with respect to FCNR Loan.

DEPRECIATION AND AMORTIZATION OF TECHNICAL KNOW-HOW

Our depreciation and amortization of technical know-how expense decreased by Rs.376.31 Lakhs or 14.48%, to Rs.2,222.66 Lakhs in fiscal 2020 from Rs.2,598.97 Lakhs in fiscal 2019.

PROFIT BEFORE TAX AND EXCEPTIONAL ITEM

Profit before tax and exceptional item increased by Rs.1,122.73 Lakhs or 149.92%, to Rs.1,871.62 Lakhs in fiscal 2020 from Rs.748.89 Lakhs in fiscal 2019.

EXCEPTIONAL ITEM

Out of the total exception item of Rs.1,405.24 Lakhs, Rs.215.94 Lakhs was towards profit from sale of unutilized

land in TDPS and Rs.1,189.30 Lakhs was on account of write back of payable in DFPS.

PROFIT BEFORE TAX

Profit before tax increased by Rs.2,527.97 Lakhs or 337.56%, to Rs.3,276.86 Lakhs in fiscal 2020 from Rs.748.89 Lakhs in fiscal 2019.

TAXATION

Our tax expense decreased by Rs.145.93 Lakhs or 34.01%, to Rs.283.11 Lakhs in fiscal 2020 from Rs.429.04 Lakhs in fiscal 2019. The company has adopted the revised tax structure including subsidiary DFPS.

PROFIT AFTER TAX

Consequently, our profit after tax increased by Rs.2,673.90 Lakhs to Rs.2,993.75 Lakhs in fiscal 2020 from Rs.319.85 Lakhs in fiscal 2019.

The consolidated net worth stands at Rs.42,500.30 Lakhs increase of Rs.947.54 Lakhs over fiscal 2019.

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MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)
Stand-alone basis

The results of operations as of and for fiscal 2020 and 2019 on a standalone basis is as follows:

Particulars	Fiscal 2020		Fiscal 2019	
	(Rs. in Lakhs)	% of Total Income	(Rs. in Lakhs)	% of Total Income
Income:				
Sales	47,894.20	96.93	44,508.69	97.63
Other Income	1,515.09	3.07	1,081.97	2.37
Total Income	49,409.29	100.00	45,590.66	100.00
Expenditure:				
Consumption of Raw Material, Stores, Spare parts and Components	32,165.40	65.10	28,454.40	62.41
Purchases for Project Business	1,717.82	3.48	2,773.73	6.08
Operating and Other Expenses	11,138.72	22.54	10,352.32	22.71
Interest and Finance Charges	545.00	1.10	284.29	0.62
Depreciation and Amortization of Technical Knowhow	2,199.76	4.45	2,591.10	5.68
Total Expenditure	47,766.79	96.68	44,455.84	97.51
Profit Before Tax and Exceptional Items	1,642.50	-	1,134.82	-
Exceptional Items	215.94	-	-	-
Profit Before Tax	1,858.44	-	1,134.82	-
Provision for Taxation	728.15	-	600.00	-
Deferred Tax	(513.57)	-	(172.09)	-
Profit/(Loss) After Tax	1,643.86	-	706.91	-
Other Comprehensive Income	-	-	-	-
Exchange difference on translation of foreign operations	135.66	-	3.88	-
Re-measurement of defined benefit plan	(119.44)	-	(21.35)	-
Deferred tax on the above	30.07	-	7.47	-
Total	46.29	-	(10.00)	-
Total Comprehensive Income	1,690.15	-	696.91	-

Fiscal 2020 compared to Fiscal 2019
INCOME

Total income increased by Rs.3,818.63 Lakhs or 8.38%, to Rs.49,409.29 Lakhs in fiscal 2020 from Rs.45,590.66 Lakhs in fiscal 2019, primarily due to growth in the Manufacturing Business. The net sales and Other Income contributing to Total Income are as follows;

NET SALES

Net sales is 96.93% of total Income in fiscal 2020 versus 97.63% in fiscal 2019 & increased by Rs.3,385.51 Lakhs or 7.61%, to Rs.47,894.20 Lakhs in fiscal 2020 from Rs.44,508.69 Lakhs in fiscal 2019.

Net sales from our manufacturing business increased by Rs.4,565.66 Lakhs or 11.37%, to Rs.44,731.86 Lakhs in fiscal 2020 from Rs.40,166.20 Lakhs in fiscal 2019 contributing to 90.53% and 88.10% of our Total Income in fiscal 2020 and 2019, respectively. Exports & deemed exports contributed 56% of the net sales for 2020. This growth was mainly on account of improved market for our Generators as well as spares.

Net sales from our Project Business decreased by Rs.1,180.15 Lakhs, or 27.18%, to Rs.3,162.34 Lakhs in fiscal 2020 from Rs.4,342.49 Lakhs in fiscal 2019 & contributed 6.40% and 9.52% of our Total Income in fiscal 2020 and 2019, respectively

OTHER INCOME

Other income increased by Rs.433.12 Lakhs or 40.03%, to Rs.1,515.09 Lakhs from Rs.1,081.97 Lakhs contributing 3.07% and 2.37% of our total income in Fiscal 2020 and 2019, respectively.

Foreign exchange gain increased by Rs.455.78 Lakhs to Rs.589.99 Lakhs in fiscal 2020 from Rs.134.21 Lakhs in fiscal 2019 due to gains from forward booking and favorable exchange rates.

EXPENDITURE

Total expenditure increased by Rs.3,310.96 Lakhs or 7.45%, to Rs.47,766.79 Lakhs in fiscal 2020 from Rs.44,455.83 Lakhs in fiscal 2019.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

CONSUMPTION OF RAW MATERIAL, STORES, SPARES PART AND COMPONENTS

Consumption of raw material, stores, spare parts and components expenses increased by Rs.3,711.10 Lakhs, or 13.04% to Rs.32,165.50 Lakhs in Fiscal 2020 from Rs.28,454.40 Lakhs in Fiscal 2019, primarily due to increase in the volume of manufacturing product. Expressed as a percentage of total income, a raw material consumed expense contributes to 65.10 % in fiscal 2020 from 62.41% in fiscal 2019.

PURCHASES FOR PROJECT BUSINESS

Our purchases for Project Business decreased by Rs.1,055.91 Lakhs, or 38.07%, to Rs.1,717.82 Lakhs in fiscal 2020 from Rs.2,773.73 Lakhs in fiscal 2019, due to lower sales volumes. Expressed as a percentage of total income, purchases for Project Business contributes to 3.48% in fiscal 2020 from 6.08% in fiscal 2019.

OPERATING AND OTHER EXPENSES

Our operating and other expenses increased by Rs.786.39 Lakhs or 7.60%, to Rs.11,138.70 Lakhs in fiscal 2020 from Rs.10,352.31 Lakhs in fiscal 2019. Expressed as a percentage of total income, operating and other expenses is 22.54% in fiscal 2020 when compared to 22.71% in fiscal 2019. This was mainly due to increase in power & fuel, salaries and wages, insurance, Bank charges, other manufacturing, repairs & maintenance costs.

Power and fuel expenses increased by Rs.52.39 Lakhs or 7.86%, to Rs.718.55 Lakhs in fiscal 2020 from Rs.666.16 Lakhs in fiscal 2019 on account of increased production activities.

Personnel expenses through salaries, wages and bonuses increased by Rs.317.64 Lakhs or 6.51%, to Rs.5,197.14 Lakhs in fiscal 2020 from Rs.4,879.50 Lakhs in fiscal 2019 due to inflationary increase in salaries of staff and workmen.

Welfare expenses increased by Rs.179.16 Lakhs, or 20.61%, to Rs.1,048.30 Lakhs in fiscal 2020 from Rs.869.14 Lakhs in fiscal 2019. Repair expenses increased by Rs.53.22 Lakhs or 20.71%, to Rs.310.18 Lakhs in fiscal 2020 from Rs.256.96 Lakhs in fiscal 2019.

Consultancy & Professional charges including amount spent on corporate social responsibility activities are increased by Rs.58.68 Lakhs or 22.00%, to Rs.325.43 Lakhs in fiscal 2020 from Rs.266.75 Lakhs in fiscal 2019.

Bank charges increased by Rs.102.49 Lakhs or 36.72% to Rs.381.57 Lakhs in fiscal 2020 from Rs.279.08 Lakhs in fiscal 2019 due to higher utilization of non-fund limits.

INTEREST AND FINANCE CHARGES

Our interest and finance charges increased by Rs.260.71 Lakhs or 91.71%, to Rs.545.00 Lakhs in fiscal 2020 from Rs.284.29 Lakhs in fiscal 2019, due to higher utilization of working capital limits and exchange fluctuation with respect to FCNR Loan.

DEPRECIATION AND AMORTIZATION OF TECHNICAL KNOW-HOW

Our depreciation and amortization of technical know-how expense decreased by Rs.391.33 Lakhs or 15.10%, to Rs.2,199.76 Lakhs in fiscal 2020 from Rs.2,591.10 Lakhs in fiscal 2019

PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS

Profit before tax and exceptional items increased by Rs.507.67 Lakhs, or 44.74%, to Rs.1,642.50 Lakhs in fiscal 2020 from Rs.1,134.83 Lakhs in fiscal 2019.

EXCEPTIONAL ITEM

The company has sold un-utilized portion of industrial land resulting in a gain of Rs.215.94 Lakhs which is Reported under exceptional item.

PROFIT BEFORE TAX

Profit before tax increased by Rs.723.61 Lakhs or 63.76%, to Rs.1,858.44 Lakhs in fiscal 2020 from Rs.1,134.83 Lakhs in fiscal 2019.

TAXATION

Our tax expense including deferred tax decreased by Rs.213.33 Lakhs or 49.85% to Rs.214.58 Lakhs in fiscal 2020 from Rs.427.91 Lakhs in fiscal 2019. Pursuant to Taxation Laws (Amendment) Ordinance 2019, dated September 20, 2019, the Company exercised the option permitted u/s 115BAA of the Income Tax Act, 1961 to compute Income Tax at the rate of 22% plus applicable surcharge and cess (i.e. effective tax rate of 25.168%) from the fiscal 2019-20. Tax expense for the year is after considering the impact of revised tax rates.

PROFIT AFTER TAX

Our profit after tax increased by Rs.936.94 Lakhs to Rs.1,643.86 Lakhs in fiscal 2020 from Rs.706.92 Lakhs in fiscal 2019.

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

Mohib N Khericha
Chairman

Nikhil Kumar
Managing Director

M N Varalakshmi
Chief Financial Officer

N Srivatsa
Company Secretary

Place : Bangalore
Date : 06th August 2020

CORPORATE GOVERNANCE REPORT

Company's Philosophy

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

Our Corporate Governance Report for fiscal 2020 forms part of this Annual Report.

I. Board of Directors and Procedures

The composition of the Board of Directors as on March 31, 2020 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, 2020:

Name	Category	Board Meeting entitled or held during the year	Board meetings attended during the year	Attendance at Last AGM	*Directorship in companies including (Pls refer note 2)	Chairmanship/ Committee membership in other Companies	
						Chairman	Member
Mr. Mohib N. Khericha	Non-Executive Chairman	6	6	Yes	14	2	5
Mr. Nikhil Kumar	Managing Director	6	5	Yes	4	Nil	Nil
Mr. Nithin Bagamane	Independent Director	6	6	Yes	5	1	2
Mr. Ravi Kanth Mantha	Independent Director	6	4	Yes	7	Nil	1
Ms. Prathibha Sastry	Independent Director	6	6	Yes	1	Nil	2
Mr.K G Prabhakar*	Non-Executive Non Independent Director	6	6	Yes	2	Nil	Nil

*** Directorship:**

- i Mr. Mohib N Khericha holds directorship (including TDPS) in six public companies and eight private companies.
- ii Mr. Nikhil Kumar holds directorship (including TDPS) in two public Companies and two private companies.
- iii Mr. Nithin Bagamane holds directorship in a public Company i.e., TDPS and four private companies.
- iv Mr. Ravi Kanth Mantha holds directorship ((including TDPS) in two public Companies and five private companies.
- v Mr. K G Prabhakar holds directorship (including TDPS) in two public Companies.

Notes:

1. As required under Regulation 26 of the LODR, disclosure considers chairpersonship (in Listed Companies) and

membership of the Audit Committee & Stakeholders' Relationship Committee of Public Limited companies.

2. Number of Directorship held in Companies includes public (listed/unlisted) Limited Companies and private 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.

CORPORATE GOVERNANCE REPORT (CONTD.)

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 fiscal ended 31st March 2020.

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

Note: Except the above, none of the directors of TDPS hold directorship in any other listed entity as of March 31, 2020.

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 six times on May 22, 2019, July 12, 2019, August 12, 2019, November 13, 2019, February 06, 2020 and February 12, 2020. The maximum gap between any two Board Meetings was less than one hundred and twenty days. Agenda papers and minutes of Board meetings were circulated to directors. It contains vital and adequate information facilitating deliberations at the meetings.

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 – **Not applicable.**
- 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 – **Not applicable**
- 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 and 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**I. Re-appointment of Nikhil Kumar as Managing Director:**

The current tenure of the Managing Director Mr. Nikhil Kumar comes to an end on January 16, 2021. The Nomination and Remuneration committee approved re-appointment of the Mr. Nikhil Kumar as Managing Director for a further term of five years (commencing January 17, 2021 to January 16, 2026) on terms and conditions as follows subject to approval of shareholders at the ensuing general meeting:

CORPORATE GOVERNANCE REPORT (CONTD.)

1. Tenure - for a period of 5 years (Five) from January 17, 2021.
2. Fixed remuneration by way of Salary (including annual increment of 4%) as follows:

Period	Remuneration (Rs.)
17.01.2021 TO 16.01.2022	2,64,00,000.00
17.01.2022 TO 16.01.2023	2,74,56,000.00
17.01.2023 TO 16.01.2024	2,85,54,240.00

3.a) Variable remuneration- Such remuneration by way of profit linked commission, in addition to the salary, perquisites and allowances payable, not exceeding 3% of the net profits, as defined in the Companies Act, 2013, of the Company in a particular financial year, as may be determined by the Board of the Company at the end of each financial year, subject to the overall limits approved by the shareholders of the Company **OR**

b) Incentive Remuneration: In case where the net profits of the Company are inadequate for payment of profit-linked commission in any financial year, an incentive remuneration may be paid up to an amount not exceeding 100% of Basic Salary paid at the discretion of the Board. This incentive remuneration would be payable subject to the achievement of certain performance criteria and such other parameters as may be considered appropriate from time to time by the Board. An indicative list of factors that may be considered for determining the extent of commission/incentive remuneration, by the Board which will be payable annually after the Annual Accounts have been approved, are:

- Company performance on certain defined qualitative and quantitative parameters as may be decided by the Board from time to time.
- Industry benchmarks of remuneration.
- Performance of the individual.

4. Other benefits
 - a. Provident Fund Contribution at 12% of the Basic Salary.
 - b. Gratuity at half a month's salary for each completed year of service.

Subject to a total remuneration not exceeding Rs 5,00,00,000 (Rupees Five Crores only) in any period stated above.

5. Reimbursements:
 - a. Reimbursement of actual expenses incurred on travel and stay outside Bangalore on Company's work.
 - b. Reimbursement of medical expenses of a sum not exceeding one month's salary in each year.
 - c. Reimbursement of telephone expenses and running expenses of the car used for official purposes.

6. Leave facilities:
 - a. Privilege Leave at the rate of one month for every completed year of service.
 - b. Casual & Sick leave as per the rules of the Company.
 - c. Leave travel assistance of a sum of not exceeding one month's salary in each year.

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

8. Mr. Nikhil Kumar's Headquarters will continue to be in Bangalore.
9. Mr. Nikhil Kumar, as Managing Director of the Company shall, subject to the superintendence, control and directions of the Board of Directors, shall continue to carry out such duties and functions and exercise all such powers for the purpose of management and administration of the Company as may be assigned to and vested in him by the Board of Directors of the Company.
10. Mr. Nikhil Kumar holds 46,55,470 equity shares of the Company being 15.05% of paid up capital.
11. Stock options- No stock options have been granted to any of the Directors. He is also a director of the Company's wholly owned subsidiaries. He does not have any relationship inter-se between other directors.

The Nomination and 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.

II. Mr. K G Prabhakar (DIN: 07187463)retires by rotation

At the ensuing Annual General Meeting of the Company Mr. K G Prabhakar (DIN: 0001036507187) retires by rotation and being eligible offers himself for reappointment.

Mr. K G Prabhakar, aged 64 years, is a Chartered Accountant by qualification. He is Non - Executive Non Independent Director of the Company. Mr. K. G. Prabhakar, was employed with the Company since 2001 with responsibilities of finance, accounts,

CORPORATE GOVERNANCE REPORT (CONTD.)

taxation, HR and administration functions over the years and retired as CFO on June 27, 2018.

Mr. K G Prabhakar holds 4,500 equity shares of the Company being 0.01% of paid up capital. He has attended all six board meetings of the Company held during 2019 -20.

He is also a director 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 February 06, 2020 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.

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 operations 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 positions in respective business, the directors possess working knowledge in all the aforesaid areas.

6. Mr. Nithin Bagamane and Mr. Ravi Kanth Mantha have been re-appointed 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 and 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 at www.tdps.co.in.

CORPORATE GOVERNANCE REPORT (CONTD.)

H. Board Evaluation

The Board monitors and reviews the Board evaluation framework. The board works with the Nomination and 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 2020 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

For details of remuneration paid to Managing Directors and other directors during fiscal 2020, please refer para v of Annexure 1 herein above.

By a shareholders' approval in 2015, Mr. Nikhil Kumar was appointed as Managing Director of the Company for 5 years commencing January 17, 2016 to January 16, 2021 on a certain remuneration subject to not exceeding 11% of profits as prescribed. However, due to inadequacy of profits as defined under the Companies Act 2013, his remuneration was revised and based on effective capital basis as approved by the shareholders in September 2017 valid for 3 years including year ended March 31, 2017 as prescribed. Since the Company's profits for the year ended March 31, 2020 continues to be inadequate, the remuneration payable for the fiscal 2020 is based on

effective capital as earlier and amounts to Rs.2,38,28,725 excluding contribution to Provident Fund etc.

Further, in respect of his remainder period of tenure in his existing term i.e. till January 16, 2021, remuneration is also to be based on effective capital which is proposed at Rs.2,40,00,000 PA excluding contribution to PF is proposed on pro rata basis from April 1 2020 up to January 16 2021.

The above remuneration is subject to approval of the shareholders at the ensuing Annual General Meeting.

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 approval of the Shareholders of the Company and Central Government, if required.

The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the provisions of the Act.

Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director.

Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Financial Officer ("CFO"), the Company Secretary ("CS") and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

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

Remuneration

The Whole-time Director/KMP and Senior Management Personnel shall be eligible for fixed and/ or variable remuneration payable monthly or annually as may be approved by the Board on the recommendation of the Nomination and Remuneration Committee. In the case of whole time director including Managing Director, the breakup of remuneration 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, if required.

CORPORATE GOVERNANCE REPORT (CONTD.)

Minimum Remuneration

If, in any fiscal, 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 (in the form as stated under "remuneration" aforesaid) and if it is not able to comply with such provisions, with the previous approval of the Central Government if required.

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 attended the 20th Annual General Meeting held on Monday, August 12, 2019.

The Audit Committee met four (4) times during the fiscal ended March 31, 2020 on May 22, 2019, August 12, 2019, November 13, 2019 and February 06, 2020.

Particulars of attendance by the members of the Committee during the year ended March 31, 2020 are as follows:

Date of meeting	Members Present
May 22, 2019	Mr. Nithin Bagamane, Mr. Mohib N. Khericha & Ms. Prathibha Sastry
August 12, 2019	Mr. Nithin Bagamane, Mr. Mohib N. Khericha, Mr. Ravi Kanth Mantha & Ms. Prathibha Sastry
November 13, 2019	Mr. Nithin Bagamane, Mr. Mohib N. Khericha Ms. Prathibha Sastry & Mr. Ravi Kanth Mantha
February 06, 2020	Mr. Nithin Bagamane, Mr. Mohib N. Khericha, Mr. Ravi Kanth Mantha & Ms. Prathibha Sastry

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.

CORPORATE GOVERNANCE REPORT (CONTD.)

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 Mr. N Srivatsa is the Secretary of the Nomination and Remuneration Committee.

During the fiscal 2020, three meetings were held on May 22, 2019, July 12, 2019 and August 12, 2019. Particulars of attendance by the members of the Committee during the year ended March 31, 2020 are as follows:

Date of meeting	Members Present
May 22, 2019	Mr. Nithin Bagamane,
July 12, 2019	Mr. Mohib N.Khericha &
August 12, 2019	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 22, 2019 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 Company has not received any complaint from shareholders during the year 2019-20.

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

The Company is not required to form a risk management committee. The Audit committee of the Company meticulously oversees risk if any and takes initiatives to mitigate.

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.

CORPORATE GOVERNANCE REPORT (CONTD.)

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. 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 fiscal 2020, 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 at 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.

V. General Body Meetings

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

Fiscal Ended	Date & Time	Venue	Special Resolutions passed
31.03.2019	12.08.2019 & 11.00 AM	Hotel Le Meridien, No. 28, Sankey Road (Opp Bangalore Golf Course), Bangalore 560 052	I. Approve TDPSL Equity Based Compensation plan 2019 ii. Approve grant of employee stock options to the employees of subsidiary company(ies) of the Company iii. Approval of secondary acquisition of shares through Trust route for the implementation of 'TDPSL Equity Based Compensation Plan 2019'. iv. Provision of money by the Company for purchase of its own shares by the Trust for the benefit Based Compensation Plan 2019.
31.03.2018	26.09.2018 & 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
31.03.2017	27.09.2017 & 10.30AM	Hotel Le Meridien, No. 28, Sankey Road (Opp Bangalore Golf Course), Bangalore 560 052	Revision in remuneration payable to Managing Director

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.

CORPORATE GOVERNANCE REPORT (CONTD.)

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 (KannadaPrabha - 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 at www.tdps.co.in.

VII. General Shareholder Information

a. Annual General Meeting Date, Time, Venue	Friday, 25 th day of September 2020, at 11.30 A M through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"),
b. Fiscal	A twelve-month period starting from April 1, 2019 to March 31, 2020.
c. Dividend Payment Date	The final 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/Record date	As mentioned in the notice of this AGM.
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
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

CORPORATE GOVERNANCE REPORT (CONTD.)

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.			
l	Distribution of shareholding as on March 31, 2020	(As per Annexure C)			
m	Shareholding Pattern as on March 31, 2020	(As per Annexure D)			
n	Dematerialisation of Shares and Liquidity as on March 31, 2020	Description	No. of Holders	No. of Shares	% of Equity
		Physical	1	2	0.00
		NSDL	4239	19484091	62.99
		CDSL	3808	11449321	37.01
		Total	8048	30933414	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)	<p>Unit I: # 27, 28 & 29 KIADB Industrial Area, Dabaspet, Nelamangala Taluk, Bangalore, Karnataka - 562 111</p> <p>Unit II: Sy. No. 59/2, Yedehalli Village Nelamangala Taluk, Sompura Hobli Dabaspet, Bangalore, Karnataka - 562 111</p>			
r	Compliance Officer & Company Secretary	N. Srivatsa			
s	Address for correspondence	<p>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;</p> <p>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</p>			

CORPORATE GOVERNANCE REPORT (CONTD.)

Annexure A

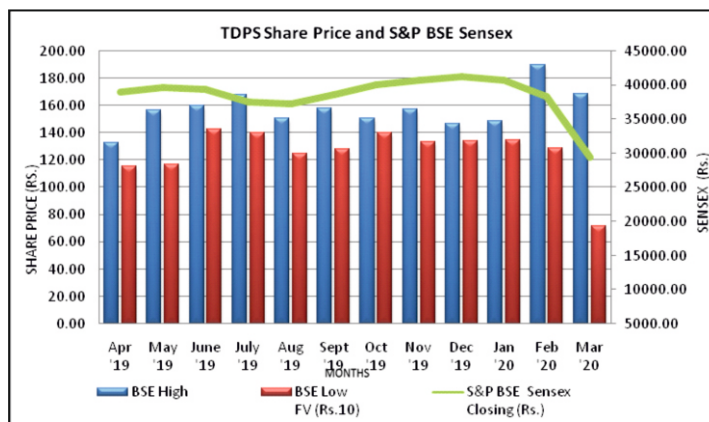
Market Price Data: High, Low, close, volume during each month of the fiscal 2020

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:

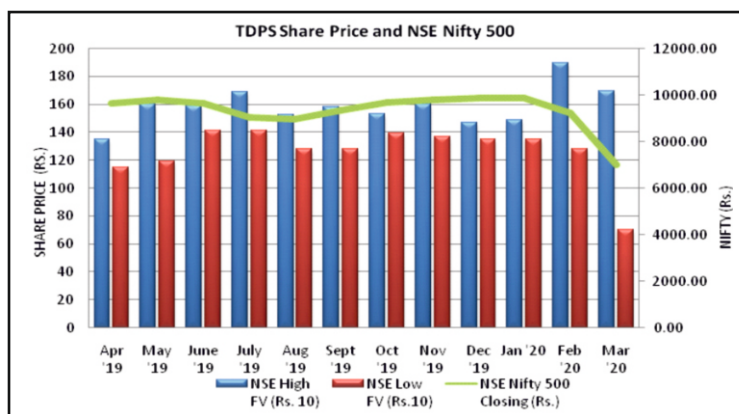
Months	BSE				NSE			
	High (Rs.)	Low (Rs.)	Close (Rs.)	Volume (Qty.)	High (Rs.)	Low (Rs.)	Close (Rs.)	Volume (Qty.)
Apr -19	132.85	115.50	122.00	19,672	135.00	115.10	124.45	4,72,607
May-19	157.00	117.00	153.25	1,70,629	160.00	119.50	152.70	4,37,278
Jun - 19	160.00	142.90	151.60	6,396	159.00	141.10	153.20	1,16,457
Jul - 19	168.10	140.00	146.80	37,153	169.00	141.25	146.85	3,97,835
Aug -19	150.60	125.00	132.75	26,522	152.72	128.10	133.55	2,46,336
Sep - 19	157.80	128.00	149.55	25,849	158.00	128.05	149.90	4,90,498
Oct - 19	151.00	140.00	143.70	5,378	153.25	139.15	145.10	2,23,180
Nov - 19	157.30	133.60	138.60	19,194	160.10	136.65	138.45	3,44,220
Dec -19	146.90	134.00	137.50	4,074	147.00	135.00	138.05	1,15,993
Jan - 20	148.95	134.80	135.50	6,926	148.95	135.00	136.25	1,38,247
Feb -20	189.80	128.50	168.00	2,07,252	190.00	128.00	167.70	24,52,908
Mar -20	168.60	71.90	84.80	17,767	169.80	70.00	84.85	5,37,840

Annexure B

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



Annexure B - TDPS Share Price on NSE



CORPORATE GOVERNANCE REPORT (CONTD.)

Annexure C

Distribution of shareholding as on March 31, 2020

Shareholding of Nominal Shares	Shareholders	% to Total Shareholders	Total Shares	% of Paid up Capital
1 to 500	6629	82.37	901221	2.91
501 to 1000	691	8.59	541724	1.75
1001 to 2000	333	4.14	495279	1.60
2001 to 3000	116	1.44	289889	0.94
3001 to 4000	62	0.77	223293	0.72
4001 to 5000	43	0.53	199589	0.65
5001 to 10000	77	0.96	558226	1.80
Above 10000	97	1.20	27724193	89.63
Total	8048	100.00	30933414	100.00

Annexure D

Shareholding pattern as on March 31, 2020

Sl. No.	Category	Number of Shares	% of Holding
(A)	Promoters & Promoters Group		
1	Promoters		
1(a)	Individual (Indian Nationals)	8386430	27.11
1(b)	Individual (Foreign National)	3235254	10.46
1(c)	Body Corporate	5026433	16.25
2	Promoters Group	1461902	4.73
	Total (A1 + A2)	18110019	58.55
(B)	Public Shareholdings		
1	Mutual Funds	5370796	17.36
2	Foreign Portfolio Investor (Corporate)	830977	2.69
3	Financial Institutions	14801	0.05
4	Individuals	4775185	15.56
5	Others	1831636	5.92
	Total B	12823395	41.45
	Grand Total (A +B)	30933414	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.

However, vide letter List/COMP/ 533553/Reg.34-Mar 19/ 206/ 2018-19 dated October 15, 2019 the Bombay stock exchange (BSE) imposed a fine of Rs.84,960 for non-compliance of regulation 34 of SEBI LODR- non-submission of annual report for the year ended March 2019. In response, the Company vide its letter dated October 18, 2019 clarified as follows:

- i. The BSE filing portal faced technical issues and was not allowing us to attach full Annual Report. Accordingly, due to compliance urgency the Company got in touch with the BSE and was advised "to file the annual report by mode of link to the Company's website and the stock exchange will come back for further assistance and clarification.

CORPORATE GOVERNANCE REPORT (CONTD.)

ii. The Company uploaded its Annual Report for the Year ended March 31 2019 along with the Notice of the Annual General Meeting (AGM) on July 22 2019 and provided the link to the Company's website as advised by BSE.

Till date, no action has been initiated further in this regard by BSE.

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 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 at [website www.tdps.co.in](http://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, 2020. 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 form 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.

Amount in ₹ lakhs

Particulars	Fiscal 2020	Fiscal 2019
Audit Fees (including audit of consolidated financial statements)	13.50	12.50
Limited Review (quarterly) financial results including consolidated financial results	6.25	5.88
Taxation related services	0.50	0.50
Other services - Certifications fees*	4.95	4.10
Other expenses	0.49	0.02

*Including buy-back related certification fees.

During the year, there was no 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 fiscal pertaining to sexual harassment of Women at Workplace is as under:

a	No. of complaints filed during the fiscal	Nil
b	No. of complaints disposed of during the fiscal	Nil
c	No. of complaints pending as on end of the fiscal	Nil

CORPORATE GOVERNANCE REPORT (CONTD.)

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 at 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 recognizes 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 at 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 unmodified report on the financial statements for the fiscal 2020.

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 : August 06, 2020

Mohib N. Khericha
Chairman

<p>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</p> <p>The Board of Directors TD Power Systems Limited (Company) # 27, 28 & 29, KIADB Industrial Area Dabaspet, Nelamangala Taluk Bangalore 562111</p> <p>This is to certify that:</p> <p>A. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2020 and that to the best of our knowledge and belief:</p> <ol style="list-style-type: none">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. <p>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.</p>	<p>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.</p> <p>D. We have indicated to the auditors and the Audit committee</p> <ol style="list-style-type: none">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; and3. 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. <p style="text-align: center;">Nikhil Kumar Managing Director</p> <p style="text-align: center;">M N Varalakshmi Chief Financial Officer</p> <p>Place : Bangalore Date : June 04, 2020</p>
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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
Dabaspeta, 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, 2020, 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

Date : August 06, 2020

Nikhil Kumar

Managing Director

Certificate on Corporate Governance

To

The Members,

TD Power Systems Limited

Bangalore

I have examined the compliance of conditions of corporate governance, as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 by TD Power Systems Limited (the Company) for the year ended on March 31, 2020.

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 of 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.

Place : Bangalore

Date : 05-08-2020

Sudhir Vishnupant Hulyalkar

Company Secretary in Practice

FCS No: 6040. CP No. 6137

UDIN: F006040B000552696

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, 2020 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

Date : 05-08-2020

Sudhir V Hulyalkar

Membership No. : FCS 6040. CP No: 6137

UDIN: F006040B000552621

ANNEXURE – 11

Disclosure with respect to Employees Stock Option Scheme (ESOS) & Stock Appreciation Rights scheme (SAR) of the Company as on March 31, 2020 (Pursuant to regulation 14 of the SEBI (Share Based Employee Benefits) Regulations 2014 read with SEBI circular dated June 16, 2015 as on March 31, 2020)

S. No.	Particulars	TDPSL Equity Based Compensation Plan 2019	
		Details related to ESOP 2019	Details related to SAR 2019
A	Relevant disclosures in terms of the 'Guidance note on accounting for employee share-based payments' issued by ICAI or any other relevant accounting standards as prescribed from time to time.	Please refer to Note No 1.13 and No.50 of Standalone Financial Statements for the Financial Year ended on March 31, 2020	
B	Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with 'Accounting Standard 20 - Earnings Per Share' issued by ICAI or any other relevant accounting standards as prescribed from time to time.	Please refer to Note No.1.24 and No.38 of Standalone Financial Statements for the Financial Year ended on March 31, 2020.	
C	Details related to ESOS & SAR		
(i)	A description of each ESOS/SAR that existed at any time during the year, including the general terms and conditions of each ESOS/SAR, including –	The Company has a collective Scheme for ESOP and SAR namely, TDPSL Equity Based Compensation Plan 2019	
	(a) Date of shareholders' approval	12.08.2019	
	(b) Total number of options/SARs approved under ESOS/SAR	5,63,884 Options.	3,99,216 ESAR
	(c) Vesting requirements	<p>Stock Options/ ESAR granted under TDPSL Equity Based Compensation Plan 2019 would vest not earlier than one year from the date of grant. The vesting shall happen every year equally with 33.33% of the number of options granted for 3 years from the date of grant of the options/ ESAR and would be subject to continued employment with the Company. Vesting of Stock options/ESAR would be subject to fulfilment of conditions as stated in the said plan and performance criteria as may be decided by Nomination and Remuneration Committee (NRC).</p> <p>The specific Vesting schedule and Vesting Conditions subject to which Stock Options/ESAR would vest are detailed in writing and provided to the Stock Option/ESAR Grantee at the time of the Grant of Options.</p>	
	(d) Exercise/SAR price or pricing formula	The exercise price decided by NRC for each option /ESAR is Rs.67.25/- which was 50% discount to the market price available at stock exchange i.e. NSE having the higher trading volume for shares of the Company.	
	(e) Maximum term of options/SAR granted	Stock Options /ESAR granted under TDPSL Equity Based Compensation Plan 2019 shall be capable of being exercised within a period not more than four years from the date of vesting of respective employees' stock options/ESAR.	

ANNEXURE - 11 (CONTD.)

	(f) Source of shares (primary, secondary or combination)	Secondary	Primary
	(g) Variation in terms of options /Scheme	None	
(ii)	Method used to account for ESOS/SAR - Intrinsic or fair value	Fair value	
(iii)	Where the company opts for expensing of the options/SAR using the intrinsic value of the options/SAR, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options/SAR shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	Not applicable	
(iv)	Option/SAR movement during the year Number of options/SAR outstanding at the beginning of the period i.e. 01.04.2019	Nil	
	Number of options/SAR granted during the year i.e.2019-20	5,63,884 Stock Options.	3,99,216 SARs.
	Number of options/SAR forfeited / lapsed during the year i.e.2019-20	Nil	
	Number of options/SAR vested during the year i.e.2019-20	Nil	
	Number of options/SAR exercised during the year i.e. 2019-20	Nil	
	Number of shares arising as a result of exercise of options during i.e.2019-20	Nil	
	Money realized by exercise of options (INR), if scheme is implemented directly by the company during 2019-20	Nil	
	Loan repaid by the Trust during the year from exercise price received	Not Applicable	
	Number of Stock options/SAR outstanding at the end of the year	5,63,884 Stock Options.	3,99,216 SARs.
	Number of options/SAR exercisable at the end of the year	Nil	
(v)	Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	Rs.67.25 –Weighted Average exercise price Rs.78.04 -Weighted-Average fair value	

ANNEXURE - 11 (CONTD.)

(vi) Employee wise details (name of employee, designation, number of options/SAR granted during the year, exercise price) of options//SAR granted to –

a) Senior Managerial Personnel

Sl. No.	Name of Employee	Designation	Options granted during 2019-20	SARs granted during 2019-20	Exercise Price per option (Rs.)
1	S. Prabhamani	Chief operating Officer	66000	-	67.25
2	R. Vasudeva Murthy	Head SBU-1	51000	-	67.25
3	Ramakrishna Varna	Head SBU-2	56160	-	67.25
4	Vishwanath Hangari	Head Design & Development	54000	-	67.25
5	Vinay Hegde	Head-Marketing	56160	-	67.25
6	N. Srivatsa	Company Secretary	97962	-	67.25
7	MN Varalakshmi	Chief Financial Officer	56160	-	67.25
8	Krishna Murthy TR	Head – Sourcing	25003	-	67.25
9	Ramesh NS	Head- Technical Support	41439	-	67.25
10	Ramya Ramesh	Head-Marketing (TDPS Europe)	30000	-	67.25
11	Shirish Kulkarni	Deputy Head	30000	-	67.25

b) Any other employee who receives a grant in any one year of option//SAR amounting to 5% or more of option granted during that year

S.No.	Name of Employee	Designation	Options granted 5% or more during 2019-20	SARs granted 5% or more during 2019-20	Exercise Price per option (₹)
1	Muthuraman Rajappan	Senior Team Lead	As stated above in table (a) excluding serial no.8.	21,638	67.25
2	Sridhar T	Team Lead		23,675	67.25

c) Identified employees who were granted option/SAR, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant

Details related to ESOP 2019	None
Details related to SAR 2019	

(vii) A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information

(a)	the weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model;	Weighted average assumptions 1. Share price- Rs.134.45 2. Exercise price- Rs.67.25 3. Expected volatility- 39.42% 4. Expected Dividend-1.49% 5. Risk free interest rate-6.10% 6. Expected option life-4.02
(b)	the method used and the assumptions made to incorporate the effects of expected early exercise;	Not applicable
(c)	how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and	Since each vest has been considered as a separate grant, the volatility for periods corresponding to the expected lives of different vests, prior to the grant date. Volatility has been calculated based on the daily closing market price of the Company's stock price on NSE over these years,

ANNEXURE - 11 (CONTD.)

(d)	Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.	There are no market conditions attached to the grants or vests. There are no other specific features of the option except option grant price and Vesting period that were incorporated in to the measurement of fair value.
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Details related to Trust

The following details, inter alia, in connection with transactions made by the Trust meant for the purpose of administering the TDPSL Equity Based Compensation Plan 2019 scheme under the regulations are as follows

(i) General information

S.No.	Particulars	Details
1	Name of the Trust	TDPSL EMPLOYEE WELFARE TRUST
2	Details of the Trustee(s)	1. Ms. Prabhamani S 2. Mr. R Vasudeva Murthy
3	Amount of loan disbursed by company / any company in the group, during the year	Rs.8,30,82,000/-
4	Amount of loan outstanding (repayable to company / any company in the group) as at the end of the year	Rs.8,30,82,000/-
5	Amount of loan, if any, taken from any other source for which company / any company in the group has provided any security or guarantee	Not applicable
6	Any other contribution made to the Trust during the year	Not applicable

(ii) Brief details of transactions in shares by the Trust

Sl. No.	Particulars	Details
1	Number of shares held at the beginning of the year;	Nil
2	Number of shares acquired during the year through (i) primary issuance (ii) secondary acquisition, also as a percentage of paid up equity capital as at the end of the previous financial year, along with information on weighted average cost of acquisition per share;	Please refer table below.
3	Number of shares transferred to the employees / sold along with the purpose thereof;	Nil
4	Number of shares held at the end of the year.	5,63,84 4 Equity Shares

Number of shares acquired during the year 2019-20

primary issuance	secondary acquisition (in numbers)	percentage of paid up equity capital as at the end of the previous financial year i.e. 31.03.2019	weighted average cost of acquisition per share (Rs.)
Nil	563844	1.82%	147.31/-

(iii) In case of secondary acquisition of shares by the Trust

Number of shares	As a percentage of paid-up equity capital as at the end of the year immediately preceding the year in which shareholders' approval was obtained i.e. 2018-19
Held at the beginning of the year	Nil
Acquired during the year	1.81%
Sold during the year	Nil
Transferred to the employees during the year	Nil
Held at the end of the year	1.81%

ANNEXURE - 12

THE BUSINESS RESPONSIBILITY REPORT (BRR) 2019-20

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1 Corporate Identity Number (CIN) of the Company	L31103KA1999PLC025071								
2 Name of the Company	TD Power Systems Limited								
3 Registered address	# 27, 28 and 29, KIADB Industrial Area, Dabaspet, Nelamangala Taluk, Bangalore – 562111								
4 Website	www.tdps.co.in.								
5 E-mail id	srivatsa.n@tdps.co.in								
6 Fiscal Reported	April 01, 2019 - March 31, 2020								
7 Sector(s) that the Company is engaged in (industrial activity code wise)	Code No. 271 - Manufacturers of AC Generators and Electric Motors Aforesaid code is as per National Industrial Classification 2008 - Ministry of Statistics and Programme Implementation, Government of India.								
8 List three key products/services that the Company manufactures/provides (as in balance sheet)	AC Generators manufacture, Customized Electric Motors manufacture, Project business								
9 Total number of locations where business activity is undertaken by the Company	The Company carries out its business directly and through its subsidiary companies as below: 1. National locations- The manufacturing facilities, Corporate & Registered offices are situated in Dabaspet, Nelamangala Taluk, Bangalore Rural District catering to customers in the domestic & International customers. 2. International locations-The Company operates in USA, Germany, Japan & Turkey through its wholly owned foreign subsidiaries. Turkey is the first international manufacturing location.								
10 Markets served by the Company –Local/State/National/International	<table border="1"> <thead> <tr> <th>Local</th> <th>State</th> <th>National</th> <th>International</th> </tr> </thead> <tbody> <tr> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> </tbody> </table> <p>The Company has its footprint in both National and International market. In domestic market the company serves countrywide. In the international markets the Company has installations in more than 80 countries and continues to grow.</p>	Local	State	National	International	✓	✓	✓	✓
Local	State	National	International						
✓	✓	✓	✓						

SECTION B: FINANCIAL DETAILS OF THE COMPANY

(Rs. In Lakhs)

S.No	Particulars	For the Fiscal 2019-20	
		Standalone	Consolidated
1	Paid up Capital (INR)	3,093.34	3,093.34
2	Total Turnover (INR)	47,894.20	51,489.34
3	Total Profit after taxes (INR)	1,643.86	2,884.97
4	Total comprehensive income (INR)	1,690.15	696.92
5	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Refer Annexure No.7 of the Annual Report for CSR activities 2019-20.	
6	List of activities in which expenditure in 4 above has been incurred	Refer as above.	

ANNEXURE - 12 (BRR CONTD.)

SECTION C: OTHER DETAILS

1	Does the Company have any Subsidiary Company/ Companies	The Company has one Indian and 4 overseas wholly owned subsidiaries – Turkey, Japan, USA & Germany(for details refer point III of Annexure 1 of Directors Report 2020)
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	The subsidiaries are in the developmental stage of their respective business and hence have no active participation in the BR initiatives. However, as subsidiaries they follow the same practices.
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	The Company does not prescribe suppliers or service providers to follow its BR initiatives. However, they do adopt best practices as advised by the Company from time to time. Some medium & large suppliers pursue their own BR initiatives.

SECTION D: BUSINESS RESPONSIBILITY (BR) INFORMATION**1. Details of Director/Directors/ BR head responsible for BR**

a)	Details of the Director/Director responsible for implementation of the BR policy/policies	The BR initiatives are informally led by the Managing Director with inputs from the CSR Committee and under overall supervision of Board of Directors.
b)	Details of the BR head:	
1	DIN Number	00062243
2	Name	Mr. Nikhil Kumar
3	Designation	Managing Director
4	Telephone number	080-22995700
5	e-mail id	Tdps @ tdps.co.in

2. Principle-wise (as per NVGs) BR Policy/policies:

The Nine areas of Business Responsibility(Principles) in the National Voluntary Guidelines on Social, Environmental and Economic Responsibility of Business (NVGs) released by Ministry of Corporate Affairs are as follows:

	Principles(P)
P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
P3	Businesses should promote the wellbeing of all employees
P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
P5	Businesses should respect and promote human rights
P6	Business should respect, protect, and make efforts to restore the environment
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
P8	Businesses should support inclusive growth and equitable development
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

ANNEXURE - 12 (BRR CONTD.)

a. Details of Compliance

S.No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies for	The Company's Integrated Management policy broadly integrates most of the above principles. Code of ethics and transparency, the HR policies, policy on conflict materials, quality policy and the CSR policy, safety and health policies currently in practice combined together represent the Business responsibility policy of the Company. A comprehensive BR policy is under preparation.								
2	Has the policy being formulated in consultation with the relevant stakeholders?	Policies /practices, SOP's and best practices have been formulated by considering input, feedback, sensitivities of the stakeholders as well business & operational imperatives wherever applicable.								
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	The policies are mapped against the principles of NVGS & compliant with applicable laws, business & operational needs.								
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Certain policies are based on requirements of applicable law. The Company's CSR policy is approved by the Board of Directors. All policies are signed by the MD or a functional head so authorised.								
5	Does the company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Yes.								
6	Indicate the link for the policy to be viewed online?	Check								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	The internal & external stakeholders have been informed of the policies as applicable.								
8	Does the company have in-house structure to implement the policy/ policies?	Yes								
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Yes								
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	There is an internal system to ensure effective implementation of policies currently inforce.								

b. If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

S.No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the Principles									
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	Not applicable								
3	The company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year	A comprehensive BR policy combining all the policies currently in practice is planned to be done in the next 6 months to 1 year.								
6	Any other reason (please specify)	Not applicable								

ANNEXURE - 12 (BRR CONTD.)

3. Governance related to BR

- a) **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.**

The policies are reviewed by the Managing Director Half yearly with the Functional heads. The CSR policy is reviewed annually the CSR committee.

- b) **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this Report? How frequently it is published?**

As stated above, the Company's Integrated Management policy broadly integrates most of the above principles. Code of ethics and transparency, the HR policies, policy on conflict materials, quality policy and the CSR policy, safety and health policies currently in practice combined together represent the Business responsibility policy of the Company. A comprehensive BR policy is under preparation since this is the first time this requirement is applicable to the Company.

SECTION E: PRINCIPLE-WISE PERFORMANCE**PRINCIPLE 1: BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH ETHICS, TRANSPARENCY AND ACCOUNTABILITY**

TDPS's business philosophy is built on the key foundational values of ethics, transparency and accountability. The Company firmly believes that trust, integrity and credibility are key elements in creating value for its stakeholders. To ensure that these principles are adhered to, TDPS adopted a Company-wide 'Code of Conduct' (CoC) which describes integrity, cultural and good working norms as well as the process to address any violations. All employees of TDPS are required to adhere the CoC's requirements.

In order to enable employees to raise concerns to the Company's Management, the Company has also adopted a 'Whistle Blower Policy' to Report any unethical practice, fraud etc. suspected to be taking place for appropriate action. No employee is restricted from access to the Audit committee & all disclosures, non-compliance is Reported to the Audit committee.

The Code of conduct and Whistle blower policy are uploaded on the Company's web site at www.tdps.co.in.

All Directors and Senior Management personnel on annual basis affirmed are required to and have affirmed compliance of the CoC. A declaration to this effect, signed by the Managing Director, is given in the Annual Report. Also apart from above, the Senior Management personnel on annual basis also affirmed that they do not have any personal interest that may have a potential conflict with the interest of the company at large in material financial and commercial transactions of the Company.

1. **Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

The policy relating to ethics, bribery and corruption is applicable to the company and all its subsidiaries –both Indian & Overseas. The suppliers, service providers and contractors are encouraged to adopt these practices as a business partner.

2. **How many stakeholder complaints have been received in the past Fiscal and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

During the year 148 queries/ complaints were received from customers relating to manufacturing, design, quality of generators within and after warranty period & packing and other issues of which 85% have been satisfactorily resolved and the balance have been attended to by the Company and is under various stages of resolution. To resolve customer complaints speedily, we have a network of service partners around the globe to serve the needs of customers backed by a strong service & engineering department.

To assess customer satisfaction, a customer service satisfaction feedback form is obtained for each service visit which ranks our service on a rating scale of 1 to 5. The feedback forms also collect the observation and suggestion from the customer which are circulated to the concerned department to initiate necessary corrective action for avoiding recurrence of complaints. The feedback and suggestions are used for Root cause analysis & resultant design and manufacturing improvements. No complaints were received from the company's shareholders during the Year under Report.

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PRINCIPLE 2: BUSINESSES SHOULD PROVIDE GOODS AND SERVICES THAT ARE SAFE AND CONTRIBUTE TO SUSTAINABILITY THROUGHOUT THEIR LIFE CYCLE

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

As a leading Generator manufacturer TDPS conducts all its operations in a manner that provides products and services to meet customer expectations, protects environment, and ensures health and safety needs of employees and other interested parties. It is the strategic decision of TD Power systems to implement and integrate ISO 9001 :2015, ISO 14001 :2015 and BS ISO 45001: 2018.

The company manufactures Electrical generators & Spare parts related thereto. It also provides refurbishment of used generators of certain makes. These Generators are used with various prime mover applications fueled by steam, hydro, oil & also non fossil/ renewable fuels like bagasse, biomass, municipal waste, waste heat from process plants, wind & gas contributing to social and environmental causes. As a part of our conflict mineral policy, it is ensured that our products or parts do not contain that conflict minerals such as Tin, Tungsten or Tantalum. Through our sourcing protocol it is ensured that no conflict materials are procured & we guide suppliers and vendors about our policy. We also partner with our customers in helping them to comply with disclosure requirements regarding such materials.

The Generators are manufactured with focus on performance efficiency improvements to meet customer expectations. Our generators are designed to last at least 15-20 years, are environment friendly & help customers to produce power at competitive costs for captive consumption as well as for third party sale. Our design & R&D efforts are focused on developing social and environment friendly Generators & are continuously upgraded to produce high performance generators.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional)

a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

The R& D, design and engineering functions constantly focus on value engineering to achieve significant reductions in consumption of material & consumables & the supply chain is a partner in this effort. The critical materials procurement is decentralized enabling the company to take advantage of both price and currency trends – both long term and short term. The efficiencies in the functionalities and performance of the generators enables cost savings for both the customer and the company.

b) Reduction during usage by consumers (energy, water) has been achieved since the previous year ?

As stated above, optimization of materials and processes both at the design, procurement and manufacturing levels through value engineering enables the company to stay competitive without compromising the quality of the machines. Supply of High quality generators at competitive prices enabled customer to maximize their return on investment and contributes to revenues.

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

As stated above, in order to have a sustainable sourcing, procurement is decentralized enabling the company to take advantage of both price and currency trends – both long term and short term. The company is continuously strengthening its procurement efforts to have a sustainable policy for sourcing and procurement. The company is conscious of the expectations of various stake holders to take responsibility for the suppliers environmental, social an ethical practice. In order to meet these expectations & manage risks the company monitors procurement and supply chain processes continuously.

a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

It is difficult to quantify exactly in terms of percentage of inputs that was sourced sustainably, the Company is increasingly focused on sustainable sourcing and it is on rise.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work ?

The manufacturing units of the Company are located in a rural area with no ancillary industrial activity. However, due to its proximity to certain industrial areas, the company procures its component requirements from small/ medium units

ANNEXURE - 12 (BRR CONTD.)

located in some of the industrial estates in and around Bangalore. During the year under Report, about 55% of total procurement in value terms are procured from sources including small/ medium units located in around Bangalore where its manufacturing units are located.

a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The company engages in continuous training & skill improvement with its vendors to ensure sustainable quality of the components. We also support some of the critical vendors with Machinery/ equipment support on easy terms to upgrade their manufacturing capabilities.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

The manufacturing process does not involve recyclable materials. The main materials are electrical grade steel & copper rods which are drawn into strips and enamel wires which cannot be recycled. Other components comprise of steel fabrications like forgings etc. which undergo certain machining process and the metal residue arising out of such machining is sold as metal scrap. The resin used for the vacuum pressure impregnation process has a certain life after which it loses its properties, becomes unusable & is disposed with required process.

PRINCIPLE 3: BUSINESSES SHOULD PROMOTE THE WELLBEING OF ALL EMPLOYEES

S. No.	Category	comment
1.	Please indicate the Total number of employees.	1,141*
2.	Please indicate the Total number of employees hired on temporary/contractual/casual basis.	294
3.	Please indicate the Number of permanent women employees.	45
4.	Please indicate the Number of permanent employees with disabilities	NIL
5.	Do you have an employee association that is recognized by management.	Yes (TDPSWU)
6.	What percentage of your permanent employees is members of this recognized employee association?	31.64%

**Including figures as mentioned for category 2 mentioned point no.2*

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last Fiscal and pending, as on the end of the Fiscal.

There were no complaints during the Fiscal 2019-20 relating to the above.

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

Category	Safety training (%)	skill up-gradation training (%)
a) Permanent Employees	85%	60-70%
b) Permanent Women Employees	90%	60-70%
c) Casual/Temporary/Contractual Employees	95%	40-50%
d) Employees with Disabilities	NIL	NIL

PRINCIPLE 4 : BUSINESSES SHOULD RESPECT THE INTERESTS OF, AND BE RESPONSIVE TOWARDS ALL STAKEHOLDERS, ESPECIALLY THOSE WHO ARE DISADVANTAGED, VULNERABLE AND MARGINALIZED

1. Has the company mapped its internal and external stakeholders ?

Yes, the key stakeholders of the Company are employees, customers, shareholders, suppliers & contractors, government authorities, trade & chamber association, communities around the location of the company's facilities.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?

Interests of all the stake holders are to be taken into consideration for a sustainable business eco system.

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3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.

As part of its CSR activities, the company has initiated a rural water source, health, sanitation and waste management program for the last 5 years-(See Annexure 7 of the Annual Report 2019-20 for more details).Also the company provides employment to people of the rural area in which we are located. The company prioritizes engaging with small & medium vendors for its components and also involves in skill and financial support as may be required.

PRINCIPLE 5: BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

Policies on this aspect including on Health, rewards & recognition, growth opportunity, in house social activities, learning, development & education are primarily applicable to the Company. However, the company encourages its business partners, vendors and service providers to adopt these policies as may be best suited to them.

2. How many stakeholder complaints have been received in the past Fiscal and what percent was satisfactorily resolved by the management?

The Company has not received any complaint with respect to human rights in the Fiscal 2019-20.

PRINCIPLE 6: BUSINESS SHOULD RESPECT, PROTECT, AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

The policy applies to the wholly owned subsidiaries & all the stakeholders.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

The manufacturing process does not have any environmental issues such as effluent, chemical or gas discharges. Our product- AC generators support green, renewable & waste to energy initiatives. One of the critical parts of the company's integrated management systems is its Safety, Health and Environment (SHE) policy. The Company focuses on "SHE" responsibility amongst all the employees in their practices, promote and value their involvement in achieving the goals of this policy. Fix the responsibility of "SHE" with the contractors, Sub-Contractors, Transporters and all other external providers operating with the TDPS. The company is concerned about global environmental issues such as climate change, global warming etc. & supports all efforts in these areas.

The Environment Management System adopted by TDPS adopted is certified with ISO 14001-2015 by a reputed certification agency.

3. Does the company identify and assess potential environmental risks?

Basically, the manufacturing process does not have potential environmental risks. However, the Company continuously evaluates its processes to identify, assess & minimize environmental risks if any, in its manufacturing operations. The design and development efforts of the company are directed towards designing machines with high level of efficiency for renewable energy, green power and waste to energy applications which contribute to mitigating environmental risks.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance Report.

The company is not part of any Clean Development Mechanism (CDM) projects. However, the generators manufactured by the company cater to renewable energy including wind energy & other climate friendly energy sources thus contributing indirectly to CDM.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

As stated aforesaid, the company is constantly involved in design improvements to bring about energy efficiency of its machines. Our generators cater to renewable energy and clean energy applications. As part of energy saving initiatives LED lighting system has been installed enhancing ambient lighting as well as significant savings in energy consumption.

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6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the Fiscal being Reported?

Basically, the manufacturing process does not give rise to emissions. The waste generated as stated earlier are not polluting or harmful. The manufacturing units are compliant of the Consents by the SPCB. An effluent and Sewage treatment plant is installed to recycle the waste water and use it for plantation inside the Factory premises for upkeep of the trees. TDPS conducts environmental day on June 5th every year and plants trees inside the factory and its surroundings in which Employees are also involved. Environmental compliance is monitored as per KSPCB regulations and Ambient Air quality is met as per the regulations.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Fiscal.

No show cause notices were received as on the end of the year under Report.

PRINCIPLE 7: BUSINESSES, WHEN ENGAGED IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A RESPONSIBLE MANNER**1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

The Company is a member of Bangalore Chamber of Industry and Commerce, Federation of Karnataka Chamber of commerce & Industry & Indo German chamber of commerce.

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others).

The company generally participates and shares ideas with the associations regarding economic reforms and sustainable business eco system.

PRINCIPLE 8: BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT**1. Does the company have specified programs/initiatives/projects in pursuit of the policy related to Principle 8 ? If yes details thereof.**

The policies detailed at various points above represent the company's focus along with partners, vendors and service providers in meeting the above objectives. The Company's social projects as detailed in Annexure 7 to the Directors Report represent its intent in supporting these objectives.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization ?

The CSR program is implemented in partnership with an external CSR agency having requisite competence.

3. Have you done any impact assessment of your initiative ?

Our initiatives under various policies as aforesaid have enabled in promoting a safe, healthy & environment friendly operations and product. The focus on vendor skill development and financial support have enabled the company in promoting quality components and a sustainable vendor source. The impact of our CSR initiative is as Reported under Annexure 7 of the Directors Report.

4. What is your company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken.

The details of projects undertaken and contribution therein by the Company have been disclosed in Annexure 7 of the Directors Report 2020.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

An important objective of our CSR initiative is emphasis on Institutional capacity building & educational campaigns. Effective Citizen Monitoring Groups to monitor village water bodies and waste management and ward level task forces to ensure waste segregation and disposal have been formed by citizen participation. Swatch Mitra Group has been strengthened. As part of information and education programs, training sessions continue to be held in waste segregation,

ANNEXURE - 12 (BRR CONTD.)

jathas and awareness campaigns are held in schools and neighbour hoods by local residents in partnership with us to spread awareness about sanitation and health. The above initiatives are a step towards a local eco system which will eventually take ownership of the programs and make it sustainable

PRINCIPLE 9: BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS AND CONSUMERS IN A RESPONSIBLE MANNER

1. What percentage of customer complaints/consumer cases are pending as on the end of fiscal.

As on March 31 2020, about 15 % of the customer queries / complaints are pending of which about 11% have been resolved until the date of this Report. The balance 4% of the complaints minor in nature & are open mostly awaiting customer confirmation as well as due to the ongoing Pandemic.

2. Does the company display product information on the product label, over and above what is mandated as per local laws?

The product information in compliance of IEC (Europe), NEMA (USA) and BIS standards (India) are displayed on the product label fixed to the generators depending on the customer/ user origin.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of Fiscal. If so, provide details thereof.

No such cases were filed against the company.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

In addition to what is stated under Principle 1 above, the Company has a well-established system in place for dealing with customer feedback. Multiple options like email, telephone, website, feedback form etc. are available to the customer to communicate with the Company's marketing & service functions around the clock.

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STANDALONE FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

To

THE MEMBERS OF
TD POWER SYSTEMS LIMITED

**Report on the Audit of the Standalone Financial Statements
Opinion**

We have audited the accompanying Standalone Financial Statements of **TD Power Systems Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, 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 of the Japan Branch for the year ended on that date audited by the Branch Auditor of the Company located at 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, 2020, 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 of the Standalone Financial Statements 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 standalone 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 obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Emphasis of Matter

We draw attention to Note No. 53 and Note No. 54 in the standalone financial statements, which describes the evaluation of the recoverability of the carrying value of

investments in two subsidiaries and the impact of COVID-19 carried out by the management of the company on the company's business operations, financial position, carrying value of various assets including investment in subsidiaries and the uncertainties associated with such an evaluation in the present circumstances and that the impact may be different from that assessed as at the date of approval of these financial statements.

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. The customer carried out detailed substantive testing of sales to verify the related documents that include the documents for final testing dispatch of goods or acknowledgement of acceptance of the goods. 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 is considered complete, generally when the testing of goods is completed/customer has accepted the goods.

INDEPENDENT AUDITORS' REPORT (CONTD.)

We have also discussed with the management the likelihood of any changes in the terms or non-fulfilment of obligations by the customers, arising from the impact of COVID-19.

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. The Management Discussion and Analysis, Board of Directors' report, Corporate Governance Report etc., is expected to be made available to us after the date of this auditor's report.

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. When we read the Management Discussion and Analysis, Board of Directors' report, Corporate Governance Report etc., if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance. In case of uncorrected material misstatement, we are required to communicate to other stakeholders as appropriate as well as to take action, applicable under applicable laws and regulations, if any.

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 Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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

INDEPENDENT AUDITORS' REPORT (CONTD.)

our auditor's report to the related disclosures in the standalone 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.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the standalone 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 standalone 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.

Other Matters

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. 3,436.09 lakhs as at 31st March, 2020 and total revenues of Rs. 2,462.42 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 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.

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 office 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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 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';
 - 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(16) 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

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

its financial position is not ascertainable at this stage – Refer Note No 36 of standalone financial statements;

- ii. the Company did not have any long-term contracts for which there were any material foreseeable losses. The company has made provisions for losses on derivative contracts as stated in Note No. 41(b) of the standalone financial statements; and
- iii. there has been no delay in transferring amounts, to be transferred to the Investor Education and

Protection Fund by the Company during the year - Refer Note 41© of standalone financial statements.

For **VARMA & VARMA**
Chartered Accountants
FRN 004532S

K.P.SRINIVAS
Partner

M. No. 208520

UDIN : 20208520AAAAGW2947

Place : Bangalore

Date : 04-06-2020

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 2020.

- 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 and after the year end. In our opinion, the frequency of verification is reasonable considering the circumstances at the year end. 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 3 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 loans granted and guarantees provided to the subsidiaries. There was no loan granted or guarantee provided to other parties.
- 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 accounts and 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, Value Added Tax, 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.

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

(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 have not been deposited with appropriate authorities as at 31st March 2020, 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. The company does not issued any debentures and there are no loans or borrowings from Government.

IX. According to the information and explanations given to us and as per our verification of records of the Company, the Company has not raised money by way of initial public offer or further public offer (including debt instruments) during the year. The company has not availed any term loans during the year. Accordingly, the provisions of paragraph 3(ix) of the Order are 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 or 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

Place : Bangalore
Date : 04-06-2020

M. No.208520
UDIN : 20208520AAAAGW2947

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 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 2020 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 2020, 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

Place: Bangalore
Date : 04-06-2020

M No.208520
UDIN : 20208520AAAAGW2947

BALANCE SHEET AS AT MARCH 31, 2020

		Amount in ₹ Lakhs			
	Note No.	As at 31.03.2020		As at 31.03.2019	
I. ASSETS					
Non - current assets					
Property, plant and equipment	2	17,443.51		19,530.88	
Capital work in progress	3	64.54		76.47	
Intangible assets other than goodwill	4	190.33		171.84	
Intangible assets under development	5	-		73.00	
Financial assets					
Investments	6	3,771.63		2,773.67	
Loans to subsidiaries	7	1,130.71		1,248.98	
Other financial assets	8	162.34		268.03	
Other non-current assets	9	1,970.17	24,733.23	1,285.29	25,428.16
Current assets					
Inventories	10	12,586.49		9,828.36	
Financial assets					
Trade receivables	11	18,676.42		21,999.85	
Cash and cash equivalents	12	6,348.92		3,377.02	
Bank balances other than cash and cash equivalents	13	7,688.61		8,565.83	
Other financial assets	14	993.42		667.52	
Other current assets	15	3,907.44	50,201.30	3,514.87	47,953.45
TOTAL		74,934.53		73,381.61	
II. EQUITY AND LIABILITIES					
Equity:					
Equity share capital	16	3,093.34		3,100.92	
Other equity	17	42,354.63	45,447.97	42,594.33	45,695.25
Non - current liabilities					
Provisions	18	450.82		505.37	
Deferred tax liabilities (Net)	19	649.82	1,100.64	763.38	1,268.75
Current Liabilities					
Financial Liabilities:					
Borrowings	20	6,766.80		6,139.21	
Trade payables					
- total outstanding dues of micro enterprises and Small enterprises	21	53.21		69.18	
- total outstanding dues of creditors other than micro enterprises and Small enterprises		13,197.14		12,665.84	
Other financial liabilities	22	5,100.10		3,626.44	
Other current liabilities	23	2,555.25		3,170.20	
Provisions	24	313.07		292.06	
Current tax liability - Net	25	400.35	28,385.92	454.68	26,417.61
TOTAL		74,934.53		73,381.61	

The accompanying notes form 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
Place: Ahmedabad

Nikhil Kumar
Managing Director
DIN:00062243
Place: Frankfurt

M N Varalakshmi
Chief Financial Officer
Place: Bangalore

N Srivatsa
Company Secretary
Membership No. F4699
Place: Bangalore

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: 4th June 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

		Amount in ₹ Lakhs	
Note No.	Year ended 31.03.2020	Year ended 31.03.2019	
Revenue from operations	26	47,894.20	44,508.69
Other income	27	1,515.09	1,081.97
TOTAL REVENUE		49,409.29	45,590.66
Expenses			
Cost of materials consumed	28	34,640.54	29,194.73
Purchases for project business, net of changes in inventories of stock in trade	29	1,717.82	2,773.73
Changes in inventories of finished goods, work in progress and stock in trade	30	(2,475.04)	(740.33)
Employee benefits expense	31	6,723.63	6,004.17
Finance costs	32	545.00	284.29
Depreciation and amortization expense	33	2,199.77	2,591.10
Other expenses	34	4,415.07	4,348.14
TOTAL EXPENSES		47,766.79	44,455.83
Profit/(loss) before exceptional items and tax		1,642.50	1,134.83
Exceptional Items	35	215.94	-
Profit/(loss) before tax		1,858.44	1,134.83
Tax expense:			
Current tax (Refer Note No. 39C)		755.07	600.00
Deferred tax		(513.57)	(172.09)
Excess provision of income tax of earlier years		(26.92)	214.58
Profit/(loss) for the year		1,643.86	706.92
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans		(119.44)	(21.35)
Income tax on defined benefit plans			
- Current Tax (Refer Note No. 39C)		30.07	-
- Deferred tax	37	-	(89.37)
Items that will be reclassified to profit or loss			
Exchange difference on translation of foreign operations		135.66	3.88
Income tax on Exchange difference			
- Current Tax		-	135.66
Total		46.29	(10.00)
Total comprehensive income for the year		1,690.15	696.92
Earnings per equity share of Rs. 10/- each:			
Basic (in ₹)	38	5.36	2.17
Diluted (in ₹)		5.31	2.17

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
Place: Ahmedabad

Nikhil Kumar
Managing Director
DIN:00062243
Place: Frankfurt

M N Varalakshmi
Chief Financial Officer
Place: Bangalore

N Srivatsa
Company Secretary
Membership No. F4699
Place: Bangalore

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: 4th June 2020

STATEMENT OF CHANGES IN EQUITY AS AT MARCH 31, 2020

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				Stock option Outstanding Account	Shares Purchased by ESOP Trust		Exchange difference on translation of foreign operations
		Securities Premium	Retained earnings	General reserve	Capital Redemption Reserve				
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 buy-back 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 (Refer Note No. 47)	-	-	(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	
As at 1st April 2019	3,100.92	19,118.91	20,309.07	2,939.63	222.84	-	3.88	42,594.33	
Profit for the year 1st April 2019 to 31st March 2020	-	-	1,643.86	-	-	-	-	1,643.86	
Remeasurement of defined benefit plans for the year	-	-	(89.37)	-	-	-	-	(89.37)	
Exchange difference on translation of foreign operations	-	-	-	-	-	-	135.66	135.66	
Equity shares bought back during the year (Refer Note No. 16C)	(7.58)	-	-	-	-	-	-	-	
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)	-	(7.58)	-	-	7.58	-	-	-	
Utilisation of Securities Premium for buy-back of equity shares (Refer Note No. 16C)	-	(83.57)	-	-	-	-	-	(83.57)	
Expenses on buyback of equity shares (Refer Note No. 16C)	-	(0.27)	-	-	-	-	-	(0.27)	
Transfer to Stock Options Outstanding account during the year (Refer Note No. 50)	-	-	-	-	-	281.34	-	281.34	
Shares Purchased by ESOP Trust (Refer Note No. 50)	-	-	-	-	-	-	(830.59)	(830.59)	
Dividend received by TDPS ESOP Trust	-	-	-	-	-	-	8.46	8.46	
Dividend including Dividend distribution tax (DDT) for the year (Refer Note No. 47)	-	-	(745.84)	-	-	-	-	(745.84)	
Interim Dividend including dividend distribution tax (DDT) (Refer Note No. 51)	-	-	(559.38)	-	-	-	-	(559.38)	
As at 31st March 2020	3,093.34	19,027.49	20,558.34	2,939.63	230.42	281.34	(822.13)	42,354.63	

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

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

Mohib N Khericha
Chairman
DIN: 00010365
Place: Ahmedabad

Nikhil Kumar
Managing Director
DIN:00062243
Place: Frankfurt

K P Srinivas
Partner
Membership No.208520

M N Varalakshmi
Chief Financial Officer
Place: Bangalore

N Srivatsa
Company Secretary
Membership No. F4699
Place: Bangalore

Place:Bangalore
Date: 4th June 2020

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31,2020

	Amount in ₹ Lakhs	
	Year ended 31.03.2020	Year ended 31.03.2019
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	1,858.44	1,134.83
Adjustments for		
Depreciation	2,145.26	2,417.09
Amortisation	54.51	174.01
(Profit) / Loss on disposal of Property, Plant and Equipments (including amount considered as exceptional item)	(254.56)	19.67
Unbilled revenue	(70.85)	(9.49)
Dividend Income from investment measured at fair value through Profit and Loss	(0.06)	(0.06)
Interest income on bank deposits	(614.18)	(753.45)
Interest income on financial assets (Non-convertible debentures carried at amortised cost)	(45.07)	-
Interest income accrued on financial assets (Non-convertible debentures carried at amortised cost)	(94.67)	(44.82)
Interest on the loan given to subsidiaries	(76.33)	(60.60)
Interest expenses (including foreign exchange difference recorded as adjustment to borrowing cost)	545.00	284.29
Compensation expenses under Employee Stock Option Scheme	281.34	-
Interest income on other financial assets	-	(0.01)
Unrealised foreign exchange loss /(gain) (net)	105.08	(142.91)
Provision for warranty claims	18.74	(2.75)
Provision for leave encashment	103.68	57.21
	2,097.89	1,938.18
Operating profit before working capital changes	3,956.33	3,073.01
Adjustments for		
Decrease/(Increase) in trade receivables	3,614.14	(3,273.93)
Decrease/(Increase) in other receivables	149.68	2,239.29
Decrease/(Increase) in inventories	(2,758.13)	(1,763.51)
(Decrease)/Increase in trade payables	475.91	3,001.00
(Decrease)/Increase in other payable	(449.08)	2,224.62
	1,032.52	2,427.47
Cash generated from operations	4,988.85	5,500.48
Direct taxes paid including TDS	(787.79)	(145.32)
Net Cash from/(used in) Operating Activities	4,201.06	5,355.16
B Cash flow from investing activities		
Payment for property, plant and equipments (net of transfer of CWIP to fixed assets)	(1,018.74)	(1,201.94)
Payment for intangible assets under development	-	(11.00)
Proceeds from disposal of property, plant and equipments	1,579.02	125.91
Investments in subsidiary by way of subscription to equity shares	-	(126.10)
Investments in non-convertible debentures carried at amortised cost	(997.96)	(995.48)
Loan given to subsidiary	-	(326.40)
Proceeds from repayment of loan given to subsidiary	213.49	-
Dividend received	0.06	0.06
Interest received on loan given to subsidiary	76.33	60.60
Interest received on bank deposits	706.34	739.60
Net Cash from/(used in) investing activities	558.54	(1,734.75)

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31,2020 (CONTD.)

	Amount in ₹ Lakhs	
	Year ended 31.03.2020	Year ended 31.03.2019
C. Cash flow from financing activities		
Proceeds from working capital borrowings (net)	924.60	(552.07)
Equity shares bought back	(91.15)	(2,896.71)
Expenses on buyback of equity shares	(0.27)	(60.26)
Purchase of Shares for ESOP by Trust	(822.13)	-
Interest paid	(378.66)	(252.93)
Dividend Received by ESOP Trust	8.46	-
Dividend Paid, including dividend distribution tax	(1,305.22)	(721.25)
Net Cash from/(used in) financing activities	(1,664.37)	(4,483.22)
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	12.33	(4.13)
Net increase/(decrease) in cash and cash equivalents	3,107.56	(866.94)
Net Foreign exchange difference on translation of foreign operations	(135.66)	(3.88)
Cash and cash equivalents at the beginning of the year	3,377.02	4,247.84
Cash and cash equivalents at the end of the year	6,348.92	3,377.02
Cash and cash equivalents at the end of the year- constitute		
Balances with banks		
In current accounts	2,395.83	1,962.18
In EEFC account	2,170.20	509.89
In deposit accounts with less than 3 months maturity	1,780.00	900.00
Cash on hand	2.89	4.95
	6,348.92	3,377.02

Note: Cash flows are reported using the indirect method. Cash and cash equivalents is after adjusting translation gain/loss. The accompanying notes form an integral part of the financial statements

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

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

Mohib N Khericha
Chairman
DIN: 00010365
Place: Ahmedabad

Nikhil Kumar
Managing Director
DIN:00062243
Place: Frankfurt

M N Varalakshmi
Chief Financial Officer
Place: Bangalore

N Srivatsa
Company Secretary
Membership No. F4699
Place: Bangalore

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

K P Srinivas
Partner
Membership No.208520

Place:Bangalore
Date: 4th June 2020

SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2020

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, 2020 were approved by the Board of Directors and authorised for issue on 4th June 2020.

The company's subscription to the Share Capital of its Wholly Owned Subsidiaries included in investment under non-current assets as at 31st March 2020 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 below. 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 provision for impairment based on the future projections and also considering the fact that some of the subsidiaries are at early stage of their operations.

e 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.

f 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 our customer's creditworthiness. With regards to the sale of products (a) 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

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ownership of the products specified in the purchase order or sales agreement. (b) Where dispatch has not been done but tests have been completed as per the terms agreed with the customer, 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 the time.

Sales from construction-type contracts :

Revenues are recognized over time under the percentage-of-completion method, based on the percentage of costs incurred to date compared to total estimated costs. An expected loss on the contract is recognized as an expense immediately.

The percentage-of-completion method places considerable importance on accurate estimates of the extent of progress towards completion and may involve estimates on the scope of deliveries and services required for fulfilling the contractually defined obligations. These significant estimates include total estimated costs, total estimated revenues, contract risks, including technical, political and regulatory risks, and other judgments. Under the percentage-of-completion method, changes in estimates may lead to an increase or decrease of revenue. In addition, the company needs to assess whether the contract is expected to continue or to be terminated. In determining whether the continuation or termination of a contract is expected to be the most likely scenario, all relevant facts and circumstances relating to the contract are considered on an individual basis.

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. the progress towards complete satisfaction using input method or output method.

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 (PPE):**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.

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- 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.

1.8 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 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

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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 valuation 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 ESOP:

The Company recognises compensation expense relating to share-based payments in net profit using fair-value in accordance with IND AS 102, Share Based Payment. The estimated fair value of awards is charged to income on straight line basis over the requisite service period for each separately vesting portion of the award as if the award was in substance, multiple awards with a corresponding credit to Employee Stock Option / Rights outstanding Reserve.

The Company has created an Employee Stock Options Trust (ESOP) for providing share-based payment to its employees. The Company uses ESOP as a vehicle for distributing shares to employees under the employee remuneration schemes. The ESOP Trust buys shares of the company from the market, for giving shares to employees. The Company treats ESOP as its extension and shares held by ESOP are treated as treasury shares. Treasury shares are recognized at cost of acquisition and included under other equity. No gain or loss is recognized in profit or loss on the purchase or issue of the Company's own equity shares. Share options exercised during the reporting period are deducted from treasury shares.

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1.14 Leases:

Company as a Lessee:

Contracts with third party, which give the company the right of use in respect of an Asset, are accounted in line with the provisions of Ind AS 116 – Leases, if the recognition criteria as specified in the Accounting standard are met.

Lease payments associated with Short terms leases and Leases in respect of Low value assets are charged off as expenses on straight line basis over lease term or other systematic basis, as applicable.

At commencement date, the value of “right of use” is capitalised at the present value of outstanding lease payments plus any initial direct cost and estimated cost, if any, of dismantling and removing the underlying asset and presented as part of Plant, property and equipment.

Liability for lease is created for an amount equivalent to the present value of outstanding lease payments and presented as Borrowing. Subsequent measurement, if any, is made using Cost model.

Each lease payment is allocated between the liability created and finance cost. The finance cost is charged to the Statement of Profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use asset is depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the company’s incremental borrowing rate.

Lease modifications, if any are accounted as a separate lease if the recognition criteria specified in the standard are met.

Company as a lessor:

Leases are classified as operating lease or a finance lease based on the recognition criteria specified in Ind AS116 – Leases

a) Finance Lease:

At commencement date, amount equivalent to the “net investment in the lease” is presented as a Receivable. The implicit interest rate is used to measure the value of the “net investment in Lease”. Each lease payment is allocated between the Receivable created and finance income. The

finance income is recognised in the Statement of Profit and loss over the lease period so as to reflect a constant periodic rate of return on the net investment in Lease. The asset is tested for de-recognition and impairment requirements as per Ind AS 109 – Financial Instruments. Lease modifications, if any are accounted as a separate lease if the recognition criteria specified in the standard are met.

b) Operating Lease:

The company recognises lease payments from operating leases as income on either a straight-line basis or another systematic basis, if required. Lease modifications, if any are accounted as a separate lease if the recognition criteria specified in the standard are met.

1.15 Income Taxes:

The Company’s major tax jurisdictions is in India. Significant judgements 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

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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 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. The net impact of the foreign exchange difference of foreign operations is recognised in Other Comprehensive income.

1.17 Financial Instruments:

A financial instrument is any contract that gives 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.

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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.

1.18 Accounting for Derivatives:

Derivatives are initially recognised 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

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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:

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.

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.

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.

1.23 Segment Reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

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.

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-116 - Leases:

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method. The adoption of this standard did not have any material impact on the financial statements for the year ended March, 31 2020.

Lease payments associated with Short terms leases and Leases in respect of Low value assets are charged off as expenses on straight line basis over lease term or other systematic basis, as applicable.

1.27 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.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

NOTE-2: PROPERTY, PLANT AND EQUIPMENT

Amount in ₹ Lakhs

Particulars	GROSS BLOCK				DEPRECIATION				Written Down Value
	As at 01.04.2019	Additions	Disposal	As at 31.03.2020	As at 01.04.2019	For the year	Disposal	As at 31.03.2020	As at 31.03.2020
Free hold land	2,761.55	-	943.95	1,817.60	-	-	-	-	1,817.60
Buildings	11,167.08	2.45	-	11,169.53	2,725.94	321.79	-	3,047.73	8,121.80
Plant and machinery	20,994.54	781.52	83.48	21,692.58	13,620.00	1,559.66	59.44	15,120.22	6,572.36
Office equipments	304.68	15.26	0.30	319.64	239.84	12.48	0.28	252.04	67.60
Furniture and fixtures	355.83	2.13	-	357.96	248.10	24.02	-	272.12	85.84
Computers	674.39	56.44	64.59	666.24	520.34	51.44	62.13	509.65	156.59
Communication equipments	16.96	-	0.12	16.84	16.26	0.02	0.11	16.17	0.67
Motor vehicles	289.31	172.87	46.05	416.13	257.94	16.60	43.75	230.79	185.34
TOTAL - A	36,564.34	1,030.67	1,138.49	36,456.52	17,628.42	1,986.01	165.71	19,448.72	17,007.80

PROPERTY, PLANT AND EQUIPMENT - RESEARCH & DEVELOPMENT

Amount in ₹ Lakhs

Particulars	GROSS BLOCK				DEPRECIATION				Written Down Value
	As at 01.04.2019	Additions	Disposal	As at 31.03.2020	As at 01.04.2019	For the year	Disposal	As at 31.03.2020	As at 31.03.2020
Plant and machinery	1,600.92	-	-	1,600.92	1,005.96	159.25	-	1,165.21	435.71
TOTAL - B	1,600.92	-	-	1,600.92	1,005.96	159.25	-	1,165.21	435.71
TOTAL - C=A+B	38,165.26	1,030.67	1,138.49	38,057.44	18,634.38	2,145.26	165.71	20,613.93	17,443.51

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

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

PROPERTY, PLANT AND EQUIPMENT - RESEARCH & DEVELOPMENT

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
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:

The borrowings 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.

Amount in ₹ Lakhs

3 CAPITAL WORK-IN-PROGRESS

Plant and Machinery

Land

TOTAL

4 INTANGIBLE ASSETS - (OTHER THAN GOODWILL)

Technical know-how

Gross block (at deemed cost)

Addition during the year

Gross block at the end of the year (A)

Accumulated amortisation at the beginning of the year

Amortisation for the year

Accumulated amortisation at the end of the year (B)

NET CARRYING VALUE (A-B)

5 INTANGIBLE ASSET UNDER DEVELOPMENT

Technical know-how

TOTAL

	As at 31.03.2020	As at 31.03.2019
Plant and Machinery	63.91	75.84
Land	0.63	0.63
TOTAL	64.54	76.47
Technical know-how		
Gross block (at deemed cost)	870.05	870.05
Addition during the year	73.00	-
Gross block at the end of the year (A)	943.05	870.05
Accumulated amortisation at the beginning of the year	698.21	524.20
Amortisation for the year	54.51	174.01
Accumulated amortisation at the end of the year (B)	752.72	698.21
NET CARRYING VALUE (A-B)	190.33	171.84
Technical know-how	-	73.00
TOTAL	-	73.00

FINANCIAL ASSETS

6 INVESTMENTS

Details of Investments	Currency	Per Security	Number of Securities		Amount in Lakhs	
			As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Non current investments *						
A Investments in equity instruments of subsidiaries - unquoted - carried at cost						
D F Power Systems Private Limited ** (Refer Note No. 53)	INR	10.00	59,99,998	59,99,998	2,040.75	2,040.75
TD Power Systems USA Inc (Refer Note No. 53)	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	12,782	159.35	159.35
Less: Provision for diminution in the value of D F Power Systems Private Limited (Refer Note No. 53)					(1,440.75)	(1,440.75)
Total investment in equity of subsidiaries - A					1,777.69	1,777.69
B Investments in Non-convertible Debentures carried at amortised cost - (quoted)						
Tata Capital Financial Services Limited @ 8.90% (Maturity on 27.09.2023)	INR	1,000.00	2,00,000	1,00,000	995.48	995.48
Tata Capital Financial Services Limited @ 8.50% (Maturity on 26.08.2024)	INR	1,000.00	2,00,000	1,00,000	997.96	-
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)					3,771.63	2,773.67
Additional Information:						
Aggregate Carrying value of quoted Non-convertible debentures					1,993.44	995.48
Market value of quoted Non Convertible Debentures					2,003.59	1,047.97
Aggregate amount of unquoted shares					3,218.94	3,218.94
Amount of impairment in the value of investments in unquoted shares (Refer Note 53)					(1,440.75)	(1,440.75)
Aggregate carrying value of unquoted shares (net of provision for impairment)					1,778.19	1,778.19

* 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:

(Unsecured , considered good)

Loans to related parties

TOTAL

Details of Loans

Particulars	Rate of Interest	Period of loan	Currency		
TD Power Systems USA Inc	Libor + 3% p.a.	24 Months	USD	973.57	890.89
TD Power Systems Europe GMBH	Libor + 3% p.a.	24 Months	EURO	82.25	153.34
TD Power Systems Jenerator Sanayi Anonim Sirketi	12% p.a.	36 Months	USD	74.89	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, 2020

	Amount in ₹ Lakhs	
	As at 31.03.2020	As at 31.03.2019
8 OTHER FINANCIAL ASSETS:		
(Unsecured , considered good)		
Other receivables - electricity deposit	108.68	114.37
Bank deposits with more than 12 months maturity	-	100.00
Balance with government authorities - VAT input credit refund receivable	53.66	53.66
TOTAL	162.34	268.03
9 OTHER NON CURRENT ASSETS:		
(Unsecured, considered good)		
Capital advances*	1,095.21	1,103.57
Advance tax net of provision	763.61	-
Gratuity- Excess of fair value of plan assets over defined benefit obligation	111.35	181.72
TOTAL	1,970.17	1,285.29
<p>* 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.1,081.64 lakhs (PY Rs.1,101.31 lakhs) represents Rs.381.64 lakhs (PY Rs.401.31 lakhs) towards approx. 7.5 acres (PY 7.5 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.</p>		
10 INVENTORIES		
Raw materials	5,235.91	5,060.04
Work in progress	6,905.17	4,444.28
Finished goods	66.34	52.19
Stock in trade	199.24	88.68
Goods in transit:		
Raw materials	179.83	183.17
TOTAL	12,586.49	9,828.36
(Refer accounting policy No. 1.11 for valuation of inventories)		
11 TRADE RECEIVABLES (unsecured)		
Trade receivables	19,187.64	22,511.07
Less: Expected credit loss allowance (on trade receivables considered doubtful) Refer Note 40 (c)	511.22	511.22
Trade receivables (considered good)	18,676.42	21,999.85
Additional information:		
Receivable , considered good and covered under letter of credit	612.97	935.62
Unsecured, considered good	18,063.45	21,064.23
TOTAL	18,676.42	21,999.85
12 CASH AND CASH EQUIVALENTS:		
Balances with banks:		
In current accounts	2,395.83	1,962.18
In EEFC accounts	2,170.20	509.89
In deposit accounts with less than 3 months maturity	1,780.00	900.00
Cash on hand	2.89	4.95
TOTAL	6,348.92	3,377.02

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

	Amount in ₹ Lakhs	
	As at 31.03.2020	As at 31.03.2019
13 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS:		
Balance in unclaimed dividend account	1.52	1.13
Balance in escrow account for buyback of shares	-	169.87
Balance with bank in respect of TDPS ESOP Trust	8.66	-
Bank deposits with less than 12 months maturity	4,780.00	6,813.14
Deposits (Under lien) with bank as Margin money towards bank guarantee	2,898.43	1,581.69
TOTAL	7,688.61	8,565.83
14 OTHER FINANCIAL ASSETS: (Unsecured , considered good)		
Security deposit for rented premises	20.54	19.37
Security deposit for others	2.08	0.53
Duty on finished goods	13.26	-
Earnest money deposit	2.94	4.85
Balance with government authorities - GST/ED Refund receivable	536.43	250.40
Interest accrued on term deposits	61.37	108.71
Interest accrued on Non Convertible Debentures	94.67	44.82
Accrued Export incentive	138.62	188.54
Unbilled revenue	82.52	11.67
Employee advance	40.99	38.63
TOTAL	993.42	667.52
15 OTHER CURRENT ASSETS:		
Advance paid to suppliers (other than capital advances)	2,015.71	1,712.39
Balance with government authorities - Input tax credit	1,652.31	1,431.71
Prepaid expenses	144.50	217.20
Expenditure tax - (Relating to foreign operations)	94.92	153.57
TOTAL	3,907.44	3,514.87
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	3,09,33,414	3,10,09,223
Amount of equity share capital (in INR)	3,093.34	3,100.92
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	3,10,09,223	3,32,37,588
Shares bought back during the year (Refer Note No. 16c)	75,809	22,28,365
Shares outstanding at the end of the year	3,09,33,414	3,10,09,223
Amount of equity share capital:		
Share capital outstanding at the beginning of the year	3,100.92	3,323.76
Shares bought back during the year (Refer Note No. 16c)	7.58	222.84
Share capital outstanding at the end of the year	3,093.34	3,100.92

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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:
- No shares allotted pursuant to a contract without consideration being received in cash.
 - No shares allotted as fully paid up by way of bonus shares.
 - The 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), approved earlier by the Board of Directors of the Company at its meeting held on September 26, 2018 was completed on April 10, 2019.
- A total of 23,04,174 Equity Shares being 6.93% of the paid capital of the company was acquired & extinguished in terms of Regulation 21 r/w Regulation 11 of the SEBI Buy Back Regulations 2018 . The paid up capital as at the year end (Post Buyback) consists of 30,933,414 equity shares of Rs. 10 each amounting to Rs. 3,093.34 lakhs.
- IV** There were no shares reserved for issue under options and contracts/commitments for the sale of shares/disinvestment. The particulars of employee stock option is given in note no.50
- 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 31.03.2020		As at 31.03.2019	
	%	No of shares	%	No of shares
a. Sapphire Finman Services LLP (Sapphire Finman Services Private Limited)	16.25%	50,26,433	16.21%	50,26,433
b. Nikhil Kumar	15.05%	46,55,470	14.96%	46,38,664
c. Mohib N Khericha	12.06%	37,30,960	12.03%	37,30,960
d. Hitoshi Matsuo	10.46%	32,35,254	10.43%	32,35,254
e. Reliance Capital Trustee Company Limited	9.84%	30,44,298	9.79%	30,37,197
f. Sundaram Mutual Fund	6.24%	19,31,321	6.31%	19,57,562

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

17 OTHER EQUITY**Reserves & Surplus:****17.1 Securities Premium**

As at the beginning of the year
Less: Utilised for equity shares which were bought back during the year
Less: Transfer to Capital Redemption Reserve
Less: Expenses on buyback of equity shares

As at the end of the year - A

Amount in ₹ Lakhs	
As at 31.03.2020	As at 31.03.2019
19,118.91	22,075.88
83.57	2,673.87
7.58	222.84
0.27	60.26
19,027.49	19,118.91

OTHER EQUITY (CONTD.)

		Amount in ₹ Lakhs	
		As at 31.03.2020	As at 31.03.2019
17.2 Capital Redemption Reserve			
	As at the beginning of the year	222.84	-
	Add: Transfer from Securities Premium for shares bought back during the year	7.58	222.84
	As at the end of the year - B	230.42	222.84
17.3 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
17.4 Retained earnings			
	As at the beginning of the year	20,309.07	20,337.28
	Less: Dividend (Rs.2.00 per share (Previous year: Rs.1.80 per share)) including dividend distribution tax	(745.84)	(721.25)
	Less: Interim Dividend (Rs. 1.50 per share) including dividend distribution tax (Refer Note No. 51)	(559.38)	-
	Add: Profit for the year as per statement of profit and loss	1,643.86	706.92
	Add/(less): Remeasurement of defined benefit plan for the year	(89.37)	(13.88)
	As at the end of the year - D	20,558.34	20,309.07
17.5 Stock Options Outstanding Account			
	As at the beginning of the year	-	-
	Add: Addition during the year	281.34	-
	As at the end of the year - E	281.34	-
17.6 Shares Purchased by ESOP Trust			
	As at the beginning of the year	-	-
	Add: Equity Shares of Rs. 10 each purchased during the year	(830.59)	-
	Less: Dividend received during the year on the shares held by the ESOP Trust	8.46	-
	As at the end of the year - F	(822.13)	-
	Other Comprehensive Income:		
17.7 Exchange difference on translation of foreign operations (Refer Note No.1.16)			
	As at the beginning of the year	3.88	-
	Transferred from statement of profit and loss	135.66	3.88
	As at the end of the year - G	139.54	3.88
	Total (A+B+C+D+E+F+G)	42,354.63	42,594.33

Nature of Reserves:

- 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.
- 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.
- The Remeasurements gains in respect of employee benefits included under retained earnings are as under:

As at the beginning of the year	(26.95)	(13.07)
Remeasurements gain/(loss) on defined benefit plans	(119.44)	(21.35)
Income tax effect on above	30.07	7.47
Balance at the end of the year	(116.32)	(26.95)

- 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 as per requirement of Sec.69 of the Companies Act, 2013.
- 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, 2020

Amount in ₹ Lakhs

	As at 31.03.2020	As at 31.03.2019
f. Stock Option Outstanding Account: The balance in this account represents the Employee Share based remuneration debited to the Statement of Profit and Loss		
g. Shares Purchased by ESOP Trust: The shares held by the ESOP Trust are treated as treasury shares and included under other equity.		
18 PROVISIONS:		
Provision for Income tax (net of advance tax)*	-	127.10
Provision for employee benefits (Refer Note No. 43)	450.82	378.27
TOTAL	450.82	505.37
* 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	1,012.32	1,507.99
Deferred tax asset:		
On account of timing differences in recognition of expenditure	362.50	344.61
	649.82	1,163.38
MAT credit entitlement recognised to the extent the management expects to realise the same	-	(400.00)
Net deferred tax liability/(asset)	649.82	763.38

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 2020:				
Deferred tax liability:				
On account of depreciation on property, plant and equipment	1,507.99	(495.67)	-	1,012.32
Deferred tax asset:				
On account of timing differences in recognition of expenditure	344.61	17.89	-	362.50
Total deferred tax liability	1,163.38	(513.57)	-	649.82
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	(172.12)	(7.47)	1,163.38

	Amount in ₹ Lakhs	
	As at 31.03.2020	As at 31.03.2019
20 BORROWINGS		
Secured loans:		
Working Capital Borrowings:		
Loans repayable on demand		
- rupee loan from banks - Cash Credit	635.73	1,608.16
Export Finance - FCNRB	6,131.07	4,531.05
-foreign currency loan from banks		
TOTAL	6,766.80	6,139.21
<i>Additional Information:</i>		
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.	4,609.31	4,639.21
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 Bank of Baroda.	2,157.49	1,500.00
Loans repayable on demand	4,609.31	4,639.21
Interest at 12.05% p.a. is applicable on Rupee loans from Bank of Baroda which will be reviewed annually		
Interest at 4.50% p.a. is applicable on FCNR Euro loan from Bank of Baroda which will be rolled over after 6 months.		
Interest at 2.80% p.a. is applicable on FCNR JPY Loan from Kotak Mahindra Bank which will be rolled over after 6 months.		

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

	Amount in ₹ Lakhs	
	As at 31.03.2020	As at 31.03.2019
21 TRADE PAYABLES		
-total outstanding dues of micro enterprises and Small enterprises*	53.21	69.18
-total outstanding dues of creditors other than micro enterprises and Small enterprises	13,197.14	12,665.84
TOTAL	13,250.35	12,735.02
All trade payables are non interest bearing and payable or settled within normal operating cycle of the company		
<i>Additional Information:</i>		
* 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	53.21	69.18
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	20.83	22.50
5. Interest due and payable for the period of delay other than (3) above	0.02	0.10
6. Interest accrued and remaining unpaid	0.02	0.10
7. Amount of further interest remaining due and payable in succeeding years	222.15	222.13
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 *	1.52	1.13
Outstanding liabilities in respect of accrued expenses	4,369.60	3,181.81
Duties and taxes payable	118.50	116.15
Earnest money deposit	2.15	2.15
Mark to market loss on forward contracts (Refer Note No. 40B)	228.18	-
Employee benefits payable	380.15	325.20
TOTAL	5,100.10	3,626.44
* 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	2,555.25	3,170.20
TOTAL	2,555.25	3,170.20
24 PROVISIONS		
Provision for warranties (Refer Note No 46)	235.63	216.89
Provisions for employee benefits (Refer Note No 43)	77.44	75.17
TOTAL	313.07	292.06
25 CURRENT TAX LIABILITY		
Provision for taxation (net of advance tax)	400.35	454.68
TOTAL	400.35	454.68

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

	Amount in ₹ Lakhs	
	Year ended 31.03.2020	Year ended 31.03.2019
26 REVENUE FROM OPERATIONS		
Sale of Goods		
- AC generators	36,169.96	36,569.92
- AC generator spares/components	7,819.32	2,484.84
- Project business- Domestic	661.26	842.55
- Project business- Overseas Branch	2,461.67	3,445.19
Total	47,112.21	43,342.50
Sale of services	777.02	1,093.69
Sale of scrap	779.55	703.95
Total	48,668.78	45,140.14
Less: Inter segmental sales	774.58	631.45
TOTAL	47,894.20	44,508.69
27 OTHER INCOME		
Interest income on bank deposits	614.18	753.45
Interest income on financial assets - non convertible debentures carried at amortised cost	139.74	44.82
Interest on the loan given to subsidiaries	76.33	60.60
Interest income on other financial assets	-	0.01
Dividend from investment measured at FVTPL	0.06	0.06
Profit on sale of property, plant and equipments (Net)	38.62	-
Foreign exchange fluctuation gain (Net of loss)	589.99	134.21
Income from Renting of equipments	39.22	73.51
Miscellaneous income	16.95	15.31
TOTAL	1,515.09	1,081.97
28 COST OF MATERIAL CONSUMED		
Consumption of raw materials (including Job work charges)	34,271.01	28,894.34
Consumption of stores and spare parts	369.53	300.39
Total	34,640.54	29,194.73
Consumption of major raw materials consists of:		
Copper (wires, strips, rods, sheet etc.)	5,305.00	5,451.92
Steel/ Laminations	6,433.62	6,554.09
Shaft Forgings	1,926.17	1,690.70
Others	20,606.22	15,197.63
TOTAL	34,271.01	28,894.34
29 PURCHASES AND CHANGES IN INVENTORIES OF STOCK IN TRADE		
Inventory at the beginning of the year	88.68	168.73
Add: Purchases for Project Business	1,828.38	2,693.68
Less: Inventory at the end of the year	199.24	88.68
TOTAL	1,717.82	2,773.73

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

	Amount in ₹ Lakhs	
	Year ended 31.03.2020	Year ended 31.03.2019
30 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS		
Inventory at the end of the year		
Work in progress - A C Generators	6,905.17	4,444.28
Finished goods - A C Generators	66.34	52.19
	6,971.51	4,496.47
Less: Inventory at the beginning 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
Net (Increase) / Decrease	(2,475.04)	(740.33)
31 EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	4,765.94	4,518.19
Contribution to provident and other funds	431.20	361.31
Remuneration to whole time directors including contribution to provident and other Funds (Refer Note No.44)	196.86	255.53
Share based remuneration to employees (Refer Note No. 50)	281.34	-
Staff welfare expenses	1,048.29	869.14
TOTAL	6,723.63	6,004.17
32 FINANCE COST		
Interest	378.66	252.93
Foreign exchange difference recorded as an adjustment to borrowing cost	166.34	31.36
TOTAL	545.00	284.29
33 DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation on property, plant and equipment	2,145.26	2,417.09
Amortization of intangible assets	54.51	174.01
TOTAL	2,199.77	2,591.10
34 OTHER EXPENSES		
Power and fuel	718.55	666.16
Rent (Refer Note No.45)	40.21	31.10
Repairs and maintenance		
-Buildings	18.85	15.97
-Machinery	253.10	194.58
-Others	38.23	46.41
Insurance	44.38	44.67
Manufacturing expenses	100.25	116.42
Rates and taxes	60.57	65.20
Payment to the auditors (excluding GST):		
-auditor fees (including audit of consolidated financial statements)	12.50	11.50
- for Limited review of quarterly financial results including consolidated financial results	6.25	5.88

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

	Amount in ₹ Lakhs	
	Year ended 31.03.2020	Year ended 31.03.2019
OTHER EXPENSES (Contd)		
-for others services - Certification fees	4.20	3.35
-out of pocket expenses	0.49	0.02
Legal and professional charges	309.43	236.75
Royalty	13.93	6.28
Travelling and conveyance	1,018.50	1,123.35
Bank charges (net of reimbursement received from subsidiary ₹29.07 (PY: ₹ 1.89)	381.57	279.08
Software expenses	132.35	140.60
Corporate Social Responsibility (Refer Note No. 49)	16.00	30.00
Directors sitting fees	22.70	12.60
Vehicle maintenance	41.16	44.81
Postage, telegrams and telephones	58.52	54.94
Printing and stationary	32.31	36.78
Carriage, freight and Selling expenses	1,062.38	1,128.85
Donations	6.50	8.14
Loss on sale of property, Plant and equipments	-	19.67
Advertisement	15.04	15.31
Subscription to technical associations, journals and magazines	7.10	9.72
TOTAL	4,415.07	4,348.14
35 EXCEPTIONAL ITEMS		
Profit on Sale of land (Refer Note No. 52)	215.94	-
TOTAL	215.94	-
36 CONTINGENT LIABILITIES AND COMMITMENTS		
(to the extent not provided for)		
Contingent Liabilities:		
Performance Guarantees	11,963.22	10,933.35
Performance Guarantees given to customers on behalf of subsidiary companies	543.28	92.10
Income Tax demand disputed by the company	43.36	43.36
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)	354.55	159.50
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	(119.44)	(21.35)
Income tax on Defined benefit plans		
- Current Tax	30.07	-
- Deferred Tax	-	7.47
Items that will be reclassified to profit or loss:		
Exchange difference on translation of foreign operations	135.66	3.88
	46.29	(10.00)

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

	Amount in ₹ Lakhs	
	Year ended 31.03.2020	Year ended 31.03.2019
38 EARNINGS PER SHARE - BASIC		
Profit for the year after tax expense	1,643.86	706.92
Weighted average number of equity shares outstanding during the year (net of treasury shares)	3,06,71,155	3,26,37,209
Earnings per share (in ₹)	5.36	2.17
Face Value of Equity share (in ₹)	10.00	10.00
EARNINGS PER SHARE - DILUTED		
Profit for the year after tax expense	1,643.86	706.92
Weighted average number of equity shares outstanding during the year (net of treasury shares)	3,09,72,341	3,26,37,209
Earnings per share (in ₹)	5.31	2.17
Face Value of Equity share (in ₹)	10.00	10.00

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

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Total profit/(loss) before tax (A)	1,858.44	1,134.83
Income tax rate (B)	25.17%	34.94%
Tax expense - (C) = (A) X (B)	467.73	396.55
Add - tax effect of the amounts as under:		
a) Expenses - not deductible for tax purpose	235.89	257.54
b) Tax incentive- deduction for research & development expenditure	-	(82.75)
c) Deduction allowable under chapter VI-A	(0.38)	(0.52)
d) Other adjustment and rounding off	51.83	29.00
Total (D)	287.34	203.27
Net current tax expense (E) = (C)+(D)	755.07	599.82
Net Current Tax Expense (Rounding off to nearest thousand)	755.07	600.00
Tax expenses related to item classified under other comprehensive income	(30.07)	-
Net Current Tax Expense (Rounding off to nearest thousand)	725.00	600.00

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

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Deferred tax liabilities at the beginning of the year	1,163.38	1,342.94
Income tax rate (B)	25.17%	34.94%
Tax effect of the amounts as under:		
- Change in the income tax rate	(325.42)	-
- Change in difference between book value and WDV of property, plant and equipment	(81.07)	(143.93)
- Change in difference between book value and WDV of technical knowhow	7.19	(26.35)
- Change in recognition in other comprehensive income	(24.69)	-
- Change in provision for employee benefit disallowed	(89.57)	(9.28)
Deferred tax liabilities at the end of the year	649.82	1,163.38
Deferred tax expenses in the statement of profit and loss	(513.57)	(172.09)
Deferred tax expenses in the other comprehensive income	-	7.47

39(c) Pursuant to Taxation Laws (Amendment) Ordinance 2019, dated September 20, 2019, the Company intends to exercise the option permitted u/s 115BAA of the Income Tax Act, 1961 to compute Income Tax at the rate of 22% plus applicable surcharge and cess (i.e., effective tax rate of 25.168%) from the financial year 2019-20. Tax expense for the year is after considering the impact of revised tax rates. Consequently, on account of re-measurement of deferred tax liabilities at the revised tax rate, an amount of INR 325.42 Lakhs has been reversed to Profit and Loss Statement during the year.

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 31.03.2020	As at 31.03.2019
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	1,177.69
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	6,348.92	3,377.02
Bank balances other than cash and cash equivalents	7,688.61	8,565.83
Trade receivables net of ECL	18,676.42	21,999.85
Loans to subsidiaries	1,130.71	1,248.98
Investment in Non Convertible Debentures	1,993.44	995.48
Other financial assets	1,155.76	935.55
Financial liabilities at amortised cost:		
Short term borrowings	6,766.80	6,139.21
Trade payables	13,250.35	12,735.02
Other financial liabilities excluding Mark to market loss on foreign exchange forward contract	4,871.92	3,626.44
Financial liabilities at fair value through Profit and Loss (FVTPL):		
Mark to market loss on foreign exchange forward contracts (level 2) (Refer Note No. 22)	228.18	-

* 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 (level 3)

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, investment in Non-convertible Debentures 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, 2020

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 31.03.2020	As at 31.03.2019
Total Receivable	18,676.42	21,999.85
Receivable individually in excess of 10% of the business receivable	11884.41	11,469.25
Percentage of the above receivables to the total receivables of the Company	63.63%	52.13%

Receivables in excess of 10% of individual business receivables represents receivables from four customers/group as at 31st March 2020 and three customers/group as on 31st March 2019.

	As at 31.03.2020
	Customer A
Customer B	15.71%
Customer C	13.62%
Customer D	11.94%
	As at 31.03.2019
Customer A	22.85%
Customer C	16.50%
Customer E	12.78%

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 (% , amount in lakhs) of ECL for trade receivables and the reconciliation of the movement in the provision is given below.

	As at 31.03.2020	As at 31.03.2019
	Total Receivable	19,187.64
Provision for credit loss	511.22	511.22
Percentage	2.66%	2.27%

Reconciliation of loss allowance provision

	Amount in ₹ Lakhs	
	Year ended 31.03.2020	Year ended 31.03.2019
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, investment in non-convertible debentures, balances with banks and the cash flow that is generated from operations. The cash and cash equivalent, other bank balances and investment in non-convertible debentures aggregates to ₹16,030.97 lakhs at the end of year (PY - ₹ 13,038.33 lakhs). In addition the net trade receivables ₹18,676.42 lakhs (PY ₹21,999.85 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 31.03.2020	As at 31.03.2019
Trade Payables	13,250.35	12,735.02
Short Term borrowings	6,766.80	6,139.21
Other Payables:		
Statutory dues	118.50	116.15
Employee dues	380.15	325.20
Other dues	4,601.45	3,185.09
Total	25,117.25	22,500.67

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 31.03.2020 in respect of Euro is 140,00,000 (2019: NIL)
- b) The total foreign currency exposures as at the end of the year is as under:

In Foreign Currency

Particulars	As on 31.03.2020 (Amount in Lakhs)			
	USD	Euro	JPY	Others
Assets/ Receivables	28.22	68.15	682.75	0.37
Liabilities (including advances)	11.07	56.52	3,237.66	-

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Rupee Equivalent

Particulars	As on 31.03.2020 (Amount in Lakhs)			
	USD	Euro	JPY	Others
Assets /Receivables	2,124.72	5,583.74	471.71	27.68
Liabilities (including advances)	799.34	4,729.77	2,270.89	-

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

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

c) Sensitivity analysis:

Amount in Lakhs

Particulars	Impact on profit or loss (before tax)			
	As on 31st March 2020		As on 31st March 2019	
	Strengthening	Weakening	Strengthening	Weakening
5% Movement in:				
USD	(66.27)	66.27	(105.47)	105.47
EURO	(42.70)	42.70	(8.74)	8.74
JPY	89.96	(89.96)	16.02	(16.02)
Others	(1.38)	1.38	(1.11)	1.11

ii) Interest Rate Risk:

The Company's investments are primarily in Fixed rate interest bearing deposits and non-convertible debentures. 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 6.00% as at 31.03.2020 in comparison to 6.58% as at 31.03.2019.

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 position as on the reporting date except to the extent disclosed in Note 36.
- b. The company does not have any long term contracts for which there were any material foreseeable losses. The provision made for forward foreign exchange contracts is disclosed in Note No. 22.
- 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)

Sl. No.	Particulars	Primary Segment			Total
		Manufacturing	Project business	Common	
					Current Year
1	Segment Revenues				
	External Revenues	45,506.44	3,162.34	-	48,668.78
	Inter segment revenues	(774.58)	-	-	(774.58)
	Total Revenues	44,731.86	3,162.34	-	47,894.20
2	Segment Results				
	Profit Before Taxation, Interest and Depreciation	3,321.55	(91.66)	(357.71)	2,872.18
	Less: Interest	545.00	-	-	545.00
	Less: Depreciation and Amortization	2,194.27	2.58	2.92	2,199.77
	Total	582.28	(94.24)	(360.63)	127.41
3	Unallocable & Other Income (including exceptional items)	1,002.09	89.35	639.59	1,731.03
	Less: Tax	214.58	-	-	214.58
	Profit after tax	1,369.79	(4.89)	278.96	1,643.86

Previous 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
	Intersegment 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 Amortizations	2,585.60	2.58	2.92	2,591.10
	Total	270.97	120.77	(338.88)	52.86
3	Unallocable & Other Income	638.59	82.27	361.11	1,081.97
	Less: Tax	427.91	-	-	427.91
	Profit after tax	481.65	203.04	22.23	706.92

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

SEGMENT REPORTING (CONTD.)

Amount in ₹ Lakhs

Sl. No.	Particulars	Primary Segment			Total
		Manufacturing	Project business	Common	
4	Segment Assets - Current Year	53,760.46	4,971.09	16,202.98	74,934.53
	Segment Assets - Previous Year	53,641.53	6,475.76	13,264.32	73,381.61
5	Segment Liabilities - Current Year	19,013.04	3,056.90	7,416.62	29,486.56
	Segment Liabilities - Previous Year	17,333.28	3,450.49	6,902.59	27,686.36
6	Capital Expenditure (Gross)	1,030.67	-	-	1,030.67
	Disposal	(1,138.49)	-	-	(1,138.49)
	Capital Expenditure (Net of disposal) - Current Year	(107.82)	-	-	(107.82)
	Capital Expenditure (Gross)	1,126.10	-	-	1,126.10
	Disposal	(262.07)	-	-	(262.07)
	Capital Expenditure (Net of disposal) - Previous Year	864.03	-	-	864.03

(ii) Geographical Segment:

Particulars	Segment revenue by geographical Market	
	Year ended 31.03.2020	Year ended 31.03.2019
Sales from India		
Domestic Sales (including Deemed Export)	29,530.83	26,744.85
Export Sales	16,676.28	14,950.10
Sales from Overseas Branch	2,461.67	3,445.19
Less: Inter-segmental sales	(774.58)	(631.45)
Total	47,894.20	44,508.69

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 of deletion)	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Located in India	71,498.44	68,864.27	(107.82)	864.03
Located outside India	3,436.09	4,517.34	-	-
Total	74,934.53	73,381.61	(107.82)	864.03

(iii) Information about Major customers -

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

	As at 31.03.2020	As at 31.03.2019
Customer A	15.16%	15.78%
Customer B	14.54%	21.27%
Customer C	10.32%	12.78%

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-2020	31-Mar-2019	31-Mar-2020	31-Mar-2019	31-Mar-2020	31-Mar-2019
Opening balance	840.42	789.25	1,022.14	970.20	181.72	180.95
Included in profit or loss:						
Current service cost	75.82	69.48	-	-	(75.82)	(69.48)
Interest Income on planned asset	-	-	79.61	72.95	79.61	72.95
Interest cost	61.74	56.36	-	-	(61.74)	(56.36)
Total amount recognised in profit or loss	137.55	125.84	79.61	72.95	(57.94)	(52.89)
Included in OCI:						
Actuarial loss (gain)	110.63	21.01	-	-	(110.63)	(21.01)
Return on plan assets greater/(lesser) than discount rate	-	-	(8.80)	(0.34)	(8.80)	(0.34)
Total amount recognised in other comprehensive income	110.63	21.01	(8.80)	(0.34)	(119.44)	(21.35)
Contributions paid by the employer	-	-	107.00	75.01	107.00	75.01
Benefits paid	56.21	95.68	56.20	95.68	(0.01)	-
Closing balance	1,032.39	840.42	1,143.75	1,022.14	111.35	181.72

II. Details of Plan assets

	31st March 2020	31st March 2019
Government of India securities (central and state)	-	-
Schemes of insurance - conventional products	100.00%	100.00%
Others	-	-
	100.00%	100.00%

III. Actuarial Assumptions

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

	31st March 2020	31st March 2019
Financial assumptions:		
Discount rate	6.80%	7.60%
Salary escalation rate	7.00%	7.00%
Demographic assumption:		
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, 2020

Amount in ₹ Lakhs

IV. Sensitivity analysis

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

	31st March 2020		31st March 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1% Movement)	(109.95)	131.55	(84.18)	100.51
Salary escalation rate (1% Movement)	125.07	(107.27)	95.53	(81.48)
Withdrawal rate (1% Movement)	(1.78)	2.01	5.67	(6.46)

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 2020	31st March 2019
For the year ending:		
Less than 1 year	113.96	110.37
Between 1-2 years	37.70	50.55
Between 2-3 years	39.13	37.84
Between 3-4 years	43.67	41.87
Between 4-5 years	64.83	53.18
Between 5-10 years	487.34	469.99

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 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-2020	31-Mar-2019
Opening balance	453.44	464.07
Included in profit or loss:		
Current service cost	106.13	104.43
Interest cost	33.36	32.69
Actuarial loss (gain)	(35.81)	(79.91)
Total amount recognised in profit or loss	103.68	57.21
Benefits paid	28.86	67.84
Closing balance	528.26	453.44

II. Actuarial Assumptions

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

	31st March 2020	31st March 2019
Financial assumptions:		
Discount rate	6.80%	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/ 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

Amount in ₹ Lakhs
Key management personnel

	Year ended 31.03.2020	Year ended 31.03.2019
<u>Directors Remuneration:</u>		
Nikhil Kumar:		
Short-term employee benefits	178.50	190.47
Other long term employee benefit	18.36	18.99
Dividend	162.35	83.50
K G Prabhakar (upto 30.06.2018)		
Short-term employee benefits	-	45.09
Other long term employee benefit	-	0.97
Dividend	0.16	0.08
<u>Remuneration to Key Managerial Personnel:</u>		
N Srivatsa		
Short-term employee benefits	51.11	47.62
Other long term employee benefit	3.31	3.16
Employees Share Option Cost relating to 97,962 options granted during the year**	28.62	-
Dividend (below the rounding off amount)	-	-
M N Varalakshmi *		
Short-term employee benefits	37.19	26.69
Other long term employee benefit	2.39	1.71
Employees Share Option Cost relating to 56,160 options granted during the year**	16.41	-
Dividend (below the rounding off amount)	-	-
<u>Directors Sitting fees</u>		
Mohib N Khericha	5.40	3.30

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

**ESOP Cost is relating to options granted during the year which is yet to be exercised.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

DETAILS OF TRANSACTIONS - CONTD.

Amount in ₹ Lakhs

Nature of transactions	Subsidiary Company		Companies in which director/relative of director is interested	
	Year ended 31.03.2020	Year ended 31.03.2019	Year ended 31.03.2020	Year ended 31.03.2019
<u>DF Power Systems Private Limited</u>				
Trade Advance received by Holding Company	128.00	-	-	-
<u>TD Power Systems USA Inc</u>				
Sale of Generators and Spares to subsidiary	954.66	2,997.98	-	-
Purchase from subsidiary	9.76	-	-	-
Inter-Corporate Loan given to subsidiary during the year	-	135.04	-	-
Interest on Inter-Corporate Loan charged	55.79	49.15	-	-
Reimbursement of Bank Guarantee charges	-	0.02	-	-
Amount payable by Holding company	-	3.73	-	-
Amount receivable by Holding Company	540.30	1,215.29	-	-
Trade Advance received by Holding Company	198.18	173.30	-	-
Inter-Corporate Loan balance as at the end of year	973.57	890.89	-	-
Maximum amount of loan outstanding during the year	973.57	890.89	-	-
<u>TD Power Systems Europe GMBH</u>				
Sale of Generators and Spares to subsidiary	5,013.16	3,856.08	-	-
Purchase from subsidiary	114.06	2.25	-	-
Inter-Corporate Loan repaid by subsidiary during the year	70.51	-	-	-
Interest on Inter-Corporate Loan charged	4.70	4.60	-	-
Reimbursement of Bank Guarantee charges	1.35	0.38	-	-
Amount payable by Holding company	6.16	0.47	-	-
Amount receivable by Holding Company	1,037.77	2,154.10	-	-
Trade Advance received by Holding Company	152.82	305.34	-	-
Inter-Corporate Loan balance as at the end of year	82.25	153.34	-	-
Maximum amount of loan outstanding during the year	153.34	153.34	-	-
<u>TD Power Systems Jenerator Sanayi Anonim Sirketi</u>				
Sale of Generators and Spares to subsidiary	1,289.18	171.18	-	-
Trade Advance received by Holding Company	12.00	-	-	-
Amount receivable by Holding Company	966.34	176.28	-	-
Investment made during the year	-	126.10	-	-
Inter-Corporate Loan given to subsidiary during the year	-	215.46	-	-
Inter-Corporate Loan repaid by subsidiary during the year	142.98	-	-	-
Interest on Inter-Corporate Loan charged	15.84	6.85	-	-
Reimbursement of Bank Guarantee charges	27.72	1.49	-	-
Inter-Corporate Loan balance as at the end of year	74.89	204.75	-	-
Maximum amount of loan outstanding during the year	204.75	204.75	-	-
<u>Ravindu Motors Private Limited</u>				
Servicing of Vehicles	-	-	1.67	3.51
Purchase of Motor Vehicle	-	-	25.08	-
<u>Trident Automobiles Private Limited</u>				
Servicing of Vehicles	-	-	0.39	0.27

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

45 Operating Lease:

The Company has taken office facilities, guesthouse and residential premises of employees under short term lease and are renewable on a periodic basis, and cancellable at its option. Rental expenses recorded for short term leases for the year is ₹ 40.21 lakhs (Previous year ₹ 31.10 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 31.03.2020	As at 31.03.2019
Balance outstanding at the beginning of the year	216.89	219.64
Provision for the year	18.74	-
Withdrawn and credited to Statement of Profit and Loss	-	2.75
Balance outstanding at the end of the year	235.63	216.89

47 Final Dividend

On 4th June 2020 (2019: 22nd May 2019), the Board of Directors of the Company have proposed a dividend of Rs.0.75 (2019:Rs.2.00) per share for the year ended 31st March 2020 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	2019-2020	2018-2019
Capital Expenditure	-	-
Revenue Expenditure (excluding depreciation)		
- Employee benefit expenses	489.11	470.04
- Other expenses	1.45	3.52

49 Corporate Social Responsibility

a. Gross amount required to be spent by the company for the year (i.e. 2019-2020) - Rs. 13.53 lakhs

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 ₹ 16 lakhs, spent by the company during the year)	224.77	-	224.77

a. Gross amount required to be spent by the company for the previous year (i.e. 2018-2019) - Rs. 23.15 lakhs

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 ₹ 30 lakhs, spent by the company during the year)	208.77	-	208.77

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

50 Employee Stock Benefit Plans

During August 2019, the Company had instituted an Employee Stock Option Plan I (GIL ESOP I) as approved by the Board of Directors and the Shareholders, for the allotment of 10,00,000 shares in aggregate, out of which not more than 5,65,000 shares to be acquired by the Trust through Secondary Acquisition and not more than 4,35,000 shares shall be issued by way of Primary / Fresh shares. The maximum number of options that may be granted to any employee in any year and in aggregate shall not exceed 2,00,000 options under the plan.

In accordance with the shareholders' approval in Annual General Meeting held on 12th August 2019, the Board, based on the recommendations of the Nomination and Remuneration Committee, has approved grant of 5,63,884 employee stock options ("ESOPs") and 3,99,216 employee stock appreciation rights ("ESARs") to the eligible employees of the Company and/or its Subsidiary Company(ies) under its TDPSE Equity Based Compensation Plan 2019 ("Plan"). These were outstanding at the period end.

Out of which 97,962 ESOPs and 56,160 ESOPs have been granted to Company Secretary and Chief Financial Officer of the company respectively.

The fair value of each equity settled award is estimated on the date of grant using the Black-Scholes-Merton model with the following assumptions:

Particulars	ESOP No. of Options	ESAR No. of Options
Market Price (₹)	134.45	134.45
Expected Life (in Years)	3 - 5	3 - 5
Volatility (%)	38.84 - 40	38.84 - 40
Risk free Rate (%)	5.93 - 6.26	5.93 - 6.26
Exercise Price (₹)	67.25	67.25
Dividend Yield (%)	1.49	1.49
Weighted Average Fair Value of the Vest (₹)	78.92	78.92

51 Interim Dividend:

During the quarter ended 31st March 2020, an interim dividend of Rs.1.50/- (Previous Year: Nil) per equity share of Rs.10/- each was declared by the Board of Directors at their meeting held on 12th February 2020 and the said amount has been paid on 2nd March 2020.

52 During the year, the Company has sold unutilised land measuring 17 acre and 11 guntas at a price of Rs.87.50 lakhs per acre totaling to Rs.1,511.56 Lakhs situated at Pemmanahalli village, Sompura Hobli, Nelamangala Taluk, Bangalore Rural District. After considering the carrying cost of land of Rs.943.95 lakhs and the estimated cost of development of Rs.351.67, the net profit arising from the sale of said land of Rs.215.94 lakhs has been included under exceptional item. The formalities relating to execution of sale deed before Nelamangala Sub-Registrar was completed during the year.

53 The Indian Subsidiary has accumulated losses which exceed it's networth as at the year end. That subsidiary is evaluating further business proposals to render engineering services to utilise the tax credits and is negotiating with trade creditors for final settlement with substantial remission/reduction in liability on account of product warranty supplied by them, which will reduce the negative networth. That Company is also aggressively negotiating with the trade creditors through legal process or otherwise towards settlement of the disputed liabilities and also recover substantial receivables by which management of that subsidiary is hopeful of significantly improving that Company's ability to settle its liabilities. Accordingly, no further provision for impairment in the carrying value of the investment in this subsidiary is considered necessary by the management of the company in the standalone financial statements.

The foreign subsidiary in USA has accumulated losses which exceed it's networth as at the year end. The company intends to infuse funds into that subsidiary as and when required and the management of that subsidiary has drawn up action plan which would reduce that subsidiary's operating cost in the coming years. Also considering the order book, execution capability and profitability thereon of that subsidiary no provision for impairment in the carrying value of the investment of this subsidiary is considered necessary by the management of the company in the standalone financial statements..

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

54 The outbreak of Covid-19 has resulted in the Government of India undertaking drastic measures for containment of the disease. In view of these measures, the operations at the manufacturing units of the company was fully shutdown from March, 23 2020. The company was able to resume limited operations at its manufacturing units during April, 2020 after obtaining necessary approvals from the authorities. The company was able to achieve almost normal level of operations from 11th May, 2020 consequent to further permissions and relaxations from the Government Authorities.

The incremental costs incurred by the company to adhere to the standard operating procedures notified by the Government / Authorities was not very significant.

The global spread of Covid-19 has led to an uncertain business environment. The management has considered the possible effects that may result from the Covid-19 pandemic on the carrying value of various assets including investments (net of impairment loss) in subsidiaries and loans to subsidiaries after taking into account various internal and external information upto the date of approval of these financial statements and have concluded that they are recoverable based on the expected future performance of the Company and its subsidiaries. The Company has also assessed various scenarios and assumptions and based on the current estimates, the management of the Company expects that the carrying amount of these assets, as reflected in the balance sheet as at March 31, 2020, are fully recoverable and that no further provision is required.

Considering the present liquidity position of the company and its ability to raise funds, if required, the management of the company does not foresee any adverse impact on its ability to continue as going concern and in meeting its liabilities as and when they fall due.

The impact assessment of Covid-19 is a continuing process given the uncertainties associated with its nature as well as its duration and the management will continue to monitor any events/ changes to future economic conditions. Accordingly, the impact may be different from that estimated as at the date of approval of these financial statements.

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

Mohib N Khericha
Chairman
DIN: 00010365
Place: Ahmedabad

Nikhil Kumar
Managing Director
DIN:00062243
Place: Frankfurt

M N Varalakshmi
Chief Financial Officer
Place: Bangalore

N Srivatsa
Company Secretary
Membership No. F4699
Place: Bangalore

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: 4th June 2020

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, 2020, 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 consolidated state of affairs of the Company as at March 31, 2020, its profit, consolidated total Comprehensive income, Consolidated changes in equity and its Consolidated cash flows for the year then ended.

Basis for Opinion:

We conducted our audit of the consolidated Financial Statements, 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 code of ethics issued by Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Companies Act, 2013 and the Rules made 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 obtained by us sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Emphasis of Matter

We draw attention to Note No. 52 in the consolidated financial statements, which describes the evaluation of the impact of COVID-19 carried out by the group on the group business operations, financial position, carrying value of various assets and the uncertainties associated with such an evaluation in the present circumstances and that the impact may be different from that assessed as at the date of approval of these financial statements.

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 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. The customer carried out detailed substantive testing of sales to verify the related documents that include the documents for final testing, dispatch of goods or acknowledgement of acceptance of the goods. 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 is considered to be complete, generally when the testing of goods is completed / customer has accepted the goods.

We have also discussed with the management the likelihood of any changes in the terms or non-fulfilment of obligations by the customers, arising from the impact of COVID-19.

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 consolidated financial statements and our auditor's report thereon. The Management Discussion and Analysis, Board of Directors' report, Corporate Governance Report etc., is expected to be made available to us after the date of this auditor's report.

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

INDEPENDENT AUDITORS' REPORT ON (CONTD.)

financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the Management Discussion and Analysis, Board of Directors' report, Corporate Governance Report etc., if we conclude that there is a material misstatement there in, we are required to communicate the matter to those charged with governance. In case of uncorrected material misstatement, we are required to communicate to other stakeholders as appropriate as well as to take action, applicable under applicable laws and regulations, if any.

Management Responsibilities and 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 terms 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 consolidated 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.

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 ability of the Group 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 consolidated 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/Chartered Accountants Firm, such other auditors/Chartered Accountants Firm 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 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

INDEPENDENT AUDITORS' REPORT ON (CONTD.)

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.

Other Matters

- i. We did not audit the financial statements of one Indian Subsidiary considered in the preparation of the consolidated financial statements, which constitute total assets of INR 878.60 lakhs, total revenue of INR 61.04 lakhs and net profit after tax of INR 1,122.95 lakhs and net cash flows of INR (134.72) lakhs for the year ended March 31, 2020 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 consolidated financial statements, which constitute total assets of INR 6,013.37 lakhs, revenue of INR 11,066.88 lakhs, net profit after tax of INR 240.57 lakhs and net cash flows of INR 1218.18 Lakhs for the year ended March 31, 2020. 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 issued by that independent firm of Chartered Accountants in India.
- iii. In the report of one of the foreign subsidiary, on the special purpose financial statements audited by an independent firm of Chartered Accountants in India, it is mentioned as under;

On account of COVID-19 related lock-down restrictions, management performed year end physical verification of inventories, subsequent to the year end. We were not able to physically observe the verification of inventory that was carried out by the management. Consequently, we have performed alternate procedures to audit the existence of inventory as per the guidance provided by in SA 501 "Audit Evidence. Specific Considerations for Selected Items" and have obtained sufficient audit evidence to issue our unmodified opinion on these Standalone Financial Results. Our report on the Statement is not modified in respect of this matter.

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/Chartered Accountant's Firm.
 - 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, 2020 taken on record by the Board of Directors of the holding company and report of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the group companies incorporated in India is disqualified as on 31st March, 2020 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;
- 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 and Note No. 53 of consolidated financial statements;
- ii. the Company did not have any long term contracts for which there were any material foreseeable losses. The company has made provisions for losses on derivative contracts as stated in Note No. 44(b) of the consolidated financial statements; and
- iii. there has been no delay in transferring amounts 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. - Refer Note No. 44(c) of consolidated financial statements.

For **VARMA & VARMA**

Chartered Accountants

FRN 004532S

K.P.SINIVAS

Partner

Place: Bangalore

Date : 04-06-2020

M. No. 208520

UDIN : 20208520AAAAGX3536

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

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 2020, 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 ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the 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 2020, 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

UDIN : 20208520AAAAGX3536

Place : Bangalore

Date : 04-06-2020

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2020

		Amount in ₹ Lakhs			
	Note No.	As at 31.03.2020		As at 31.03.2019	
I. ASSETS					
Non - current assets					
Property, plant and equipment	2	17,815.14		19,610.35	
Capital work in progress	3	64.54		76.47	
Intangible assets other than Goodwill	4	190.33		171.84	
Intangible assets under development	5	-		73.00	
Financial assets					
Investments	6	1,993.94		995.98	
Other financial assets	7	162.34		268.03	
Other non-current assets	8	1,922.31	22,148.60	1,285.83	22,481.50
Current assets					
Inventories	9	14,440.78		11,263.56	
Financial assets					
Trade receivables	10	17,282.20		22,867.64	
Cash and cash equivalents	11	8,131.67		4,231.38	
Bank balances other than cash and cash equivalents	12	7,688.61		8,565.83	
Other financial assets	13	1,739.07		1,411.63	
Other current assets	14	4,311.83	53,594.16	3,992.52	52,332.56
TOTAL		75,742.76		74,814.06	
II. EQUITY AND LIABILITIES					
Equity:					
Equity Share Capital	15	3,093.34		3,100.92	
Other Equity	16	39,406.96	42,500.30	38,451.84	41,552.76
Non - current liabilities					
Provisions	17	450.82		505.37	
Deferred tax liabilities (Net)	18	649.82	1,100.64	763.38	1,268.75
Current Liabilities					
Financial Liabilities:					
Borrowings	19	6,766.80		6,139.21	
Trade payables					
- total outstanding dues of micro enterprises and Small enterprises	20	53.21		69.18	
- total outstanding dues of creditors other than micro enterprises and Small enterprises					
Other financial liabilities	21	14,304.05		16,769.96	
Other current liabilities	22	6,047.81		4,823.21	
Provisions	23	4,255.25		3,419.93	
Current tax liabilities - Net	24	314.35	32,141.82	292.84	31,992.55
TOTAL		75,742.76		74,814.06	

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
Place: Ahmedabad

Nikhil Kumar
Managing Director
DIN:00062243
Place: Frankfurt

M N Varalakshmi
Chief Financial Officer
Place: Bangalore

N Srivatsa
Company Secretary
Membership No. F4699
Place: Bangalore

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: 4th June 2020

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

		Amount in ₹ Lakhs	
Note No.	Year ended 31.03.2020	Year ended 31.03.2019	
Revenue from operations	25	51,489.34	45,902.20
Other income	26	1,318.76	915.90
TOTAL REVENUE		52,808.10	46,818.10
Expenses			
Cost of materials consumed	27	37,127.28	29,496.21
Purchases for Project Business	28	1,717.82	4,609.70
Changes in inventories of finished goods, work in progress and stock in trade	29	(2,907.76)	(2,146.50)
Employee benefits expense	30	7,254.54	6,607.58
Finance costs	31	545.19	284.29
Depreciation and amortization expense	32	2,222.66	2,598.97
Other expenses	33	4,976.75	4,618.96
TOTAL EXPENSES		50,936.48	46,069.21
Profit/(loss) before exceptional items and tax		1,871.62	748.89
Exceptional items	34	1,405.24	-
Profit/(loss) before tax		3,276.86	748.89
Tax expense:			
Current tax (Refer Note No. 38C)		823.60	601.13
Deferred tax		(513.57)	(172.09)
Excess provision of income tax of earlier years		(26.92)	429.04
Profit/(loss) for the year		2,993.75	319.85
Other comprehensive income	35		
Items that will not be reclassified to profit or loss			
Remeasurement of Defined Benefit Plans		(119.44)	(21.35)
Income tax on Defined Benefit Plans			
- Current Tax (Refer Note No. 38C)		30.07	-
- Deferred tax		-	7.47
Items that will be reclassified to profit or loss			
Exchange difference on translation of foreign operations		(19.41)	(15.76)
Total		(108.78)	(29.64)
Total comprehensive income		2,884.97	290.21
Earnings per equity share of Rs. 10/- each:			
Basic (in ₹)		9.76	0.98
Diluted (in ₹)	36	9.67	0.98

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

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

Mohib N Khericha
Chairman
DIN: 00010365
Place: Ahmedabad

Nikhil Kumar
Managing Director
DIN:00062243
Place: Frankfurt

K P Srinivas
Partner
Membership No.208520

M N Varalakshmi
Chief Financial Officer
Place: Bangalore

N Srivatsa
Company Secretary
Membership No. F4699
Place: Bangalore

Place: Bangalore
Date: 4th June 2020

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT MARCH 31, 2020

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				Capital Reserve	Stock option Outstanding Account	Shares Purchased by ESOP Trust		Exchange difference on translation of foreign operations
		Securities Premium	Retained earnings	General reserve	Capital Redemption Reserve					
As at 1st April 2018	3,323.76	20,507.63	17,021.17	3,369.92	-	718.29	-	-	-	41,617.01
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 (Refer Note No. 48)	-	-	(721.25)	-	-	-	-	-	-	(721.25)
As at 31st March 2019	3,100.92	17,550.66	16,562.77	3,369.92	222.84	718.29	-	-	27.36	38,451.84
As at 1st April 2019	3,100.92	17,550.66	16,562.77	3,369.92	222.84	718.29	-	-	27.36	38,451.84
Profit for the year 1st April 2019 to 31st March 2020	-	-	2,993.75	-	-	-	-	-	-	2,993.75
Remeasurement of defined benefit plans for the year	-	-	(89.37)	-	-	-	-	-	-	(89.37)
Exchange difference on translation of foreign operations	-	-	-	-	-	-	-	(19.41)	-	(19.41)
Equity shares bought back during the year (Refer Note No. 15C)	(7.58)	-	-	-	-	-	-	-	-	-
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)	-	(7.58)	-	-	7.58	-	-	-	-	-
Utilisation of Securities Premium for buyback of equity shares (Refer Note No.15C)	-	(83.57)	-	-	-	-	-	-	-	(83.57)
Expenses on buyback of equity shares (Refer Note No.15C)	-	(0.27)	-	-	-	-	-	-	-	(0.27)
Transfer to Stock Options Outstanding account during the year (Refer Note No. 47)	-	-	-	-	-	-	281.34	-	-	281.34
Shares purchased by ESOP Trust (Refer Note No. 47)	-	-	-	-	-	-	-	(830.59)	-	(830.59)
Dividend received by TDPS ESOP Trust	-	-	-	-	-	-	-	8.46	-	8.46
Dividend including dividend distribution tax (DDT) for the year (Refer Note No. 48)	-	-	(745.84)	-	-	-	-	-	-	(745.84)
Interim Dividend including dividend distribution tax (DDT) (Refer Note No. 49)	-	-	(559.38)	-	-	-	-	-	-	(559.38)
As at 31st March 2020	3,093.34	17,459.24	18,161.93	3,369.92	230.42	718.29	281.34	(822.13)	7.95	39,406.96

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
Place: Ahmedabad

Nikhil Kumar
Managing Director
DIN:00062243
Place: Frankfurt

M N Varalakshmi
Chief Financial Officer
Place: Bangalore

N Srivatsa
Company Secretary
Membership No. F4699
Place: Bangalore

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: 4th June 2020

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2020

	Amount in ₹ Lakhs			
	Year ended 31.03.2020		Year ended 31.03.2019	
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax		3,276.86		748.89
Adjustments for				
Depreciation	2,168.15		2,424.96	
Amortisation	54.51		174.01	
(Profit) / Loss on disposal of Property, Plant and Equipments (including amount considered as exceptional item)	(254.56)		19.67	
Unbilled Revenue	(70.85)		(9.49)	
Dividend income from investment measured at fair value through Profit and Loss	(0.06)		(0.06)	
Interest income on bank deposits	(620.60)		(760.02)	
Interest income on financial assets (Non-convertible debentures carried at amortised cost)	(45.07)		-	
Interest income accrued on financial assets (Non-convertible debentures carried at amortised cost))	(94.67)		(44.82)	
Interest expenses (including foreign exchange difference recorded as adjustment to borrowing cost)	545.19		284.29	
Compensation expenses under Employee Stock Option Scheme	281.34		-	
Interest income on other financial assets	-		(0.01)	
Unrealised Foreign Exchange Loss /(gain) (net)	253.57		(162.70)	
Provision no longer required (including exceptional item)	(1,244.36)		(9.07)	
Provision for Warranty Claims	18.74		(2.75)	
Provision for Leave Encashment	104.19	1,095.52	57.56	1,971.57
Operating profit before Working Capital Changes		4,372.38		2,720.46
Adjustments for				
Decrease/(Increase) in trade receivables	5,294.73		(4,461.98)	
Decrease/(Increase) in Other Receivables	(297.81)		1,895.57	
Decrease/(Increase) in inventories	(3,177.22)		(3,097.94)	
(Decrease)/Increase in Trade Payables	(2,521.30)		4,963.11	
(Decrease)/Increase in other payable	2,720.70	2,019.10	2,945.40	2,244.16
Cash generated from operations		6,391.48		4,964.62
Direct Taxes Paid including TDS		(824.71)		(145.32)
Net Cash from/(used in) Operating Activities		5,566.77		4,819.30
B Cash flow from investing activities				
Payment for property, plant and equipments (net of transfer of CWIP to fixed assets)	(1,333.79)		(1,275.37)	
Payment for intangible assets under development	-		(11.00)	
Proceeds from disposal of property, plant and equipments	1,579.02		125.91	
Investments in non-convertible debentures carried at amortised cost	(997.96)		(995.48)	
Dividend received	0.06		0.06	
Interest received on bank deposits	757.83		791.48	
Net Cash from/(used in) investing activities		5.16		(1,364.40)

CONSOLIDATED CASH FLOW STATEMENT (CONTD.)

	Amount in ₹ Lakhs	
	Year ended 31.03.2020	Year ended 31.03.2019
C. Cash flow from financing activities		
Proceeds from Working Capital borrowings (net)	924.60	(552.07)
Equity shares bought back	(91.15)	(2,896.71)
Expenses on equity shares bought back	(0.27)	(60.26)
Cost of purchase of shares for ESOP by Trust	(822.13)	-
Interest paid	(378.85)	(252.93)
Dividend Received by ESOP Trust	8.46	-
Dividend Paid, including dividend distribution tax	(1,305.22)	(721.25)
Net Cash from/(used in) financing activities	(1,664.56)	(4,483.22)
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	12.33	68.92
Net increase/(decrease) in cash and cash equivalents	3,919.70	(959.40)
Net Foreign exchange difference on translation of foreign operations	(19.41)	(15.76)
Cash and cash equivalents at the beginning of the year	4,231.38	5,206.54
Cash and cash equivalents at the end of the year	8,131.67	4,231.38
Cash and cash equivalents at the end of the year- constitute		
Balances with banks		
In current accounts	4,178.56	2,685.75
In deposit accounts with less than 3 months maturity	1,780.00	1,030.76
In EEFC account	2,170.20	509.89
Cash on hand	2.91	4.98
	8,131.67	4,231.38

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

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

Mohib N Khericha
Chairman
DIN: 00010365
Place: Ahmedabad

Nikhil Kumar
Managing Director
DIN:00062243
Place: Frankfurt

M N Varalakshmi
Chief Financial Officer
Place: Bangalore

N Srivatsa
Company Secretary
Membership No. F4699
Place: Bangalore

For **Varma & Varma**
Chartered Accountants
Firm Registration No. 0045325

K P Srinivas
Partner
Membership No.208520

Place:Bangalore
Date: 4th June 2020

SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2020

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, 2020 were approved by the Board of Directors and authorised for issue on June 4, 2020.

The company's subscription to the Share Capital of its Wholly Owned Subsidiaries included in investment under non-current assets as at 31st March 2020 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 financial statements have been disclosed below. Accounting estimates could change from period to period and actual results could differ from those estimates. Appropriate changes in estimates are made

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

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.

1.4 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 provision for impairment based on the future projections and also considering the fact that some of the subsidiaries are at early stage of their operations.

e 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

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

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.

f 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 our customer's creditworthiness. With regards to the sale of products (a) 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. (b) Where dispatch has not been done but tests have been completed as per the terms agreed with the customer, 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 the time.

Sales from construction-type contracts:

Revenues are recognized over time under the percentage-of-completion method, based on the percentage of costs incurred to date compared to total

estimated costs. An expected loss on the contract is recognized as an expense immediately. The percentage-of-completion method places considerable importance on accurate estimates of the extent of progress towards completion and may involve estimates on the scope of deliveries and services required for fulfilling the contractually defined obligations. These significant estimates include total estimated costs, total estimated revenues, contract risks, including technical, political and regulatory risks, and other judgments. Under the percentage-of-completion method, changes in estimates may lead to an increase or decrease of revenue. In addition, the company needs to assess whether the contract is expected to continue or to be terminated. In determining whether the continuation or termination of a contract is expected to be the most likely scenario, all relevant facts and circumstances relating to the contract are considered on an individual basis.

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. the progress towards complete satisfaction using input method or output method.

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 (PPE):

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

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

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 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 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

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

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

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

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 ESOP:

The Company recognises compensation expense relating to share-based payments in net profit using fair-value in accordance with IND AS 102, Share Based Payment. The estimated fair value of awards is charged to income on straight line basis over the requisite service period for each separately vesting portion of the award as if the award was in substance, multiple awards with a corresponding credit to Employee Stock Option / Rights outstanding Reserve. The Company has created an Employee Stock Options Trust (ESOP) for providing share-based payment to its employees. The Company uses ESOP as a vehicle for distributing shares to employees under the employee remuneration schemes. The ESOP Trust buys shares of the company from the market, for giving shares to employees. The Company treats ESOP as its extension and shares held by ESOP are treated as treasury shares. Treasury shares are recognized at cost of acquisition and included under other equity. No gain or loss is recognized in profit or loss on the purchase or issue of the Company's own equity shares. Share options exercised during the reporting period are deducted from treasury shares.

1.15 Leases:

Company as a Lessee:

Contracts with third party, which give the company the right of use in respect of an Asset, are accounted in line with the provisions of Ind AS 116 – Leases, if the recognition criteria as specified in the Accounting standard are met.

Lease payments associated with Short terms leases and Leases in respect of Low value assets are charged

off as expenses on straight line basis over lease term or other systematic basis, as applicable.

At commencement date, the value of “right of use” is capitalised at the present value of outstanding lease payments plus any initial direct cost and estimated cost, if any, of dismantling and removing the underlying asset and presented as part of Plant, property and equipment.

Liability for lease is created for an amount equivalent to the present value of outstanding lease payments and presented as Borrowing. Subsequent measurement, if any, is made using Cost model.

Each lease payment is allocated between the liability created and finance cost. The finance cost is charged to the Statement of Profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the company's incremental borrowing rate.

Lease modifications, if any are accounted as a separate lease if the recognition criteria specified in the standard are met.

Company as a lessor:

Leases are classified as operating lease or a finance lease based on the recognition criteria specified in Ind AS 116 – Leases

a) Finance Lease:

At commencement date, amount equivalent to the “net investment in the lease” is presented as a Receivable. The implicit interest rate is used to measure the value of the “net investment in Lease”.

Each lease payment is allocated between the Receivable created and finance income. The finance income is recognised in the Statement of Profit and loss over the lease period so as to reflect a constant periodic rate of return on the net investment in Lease.

The asset is tested for de-recognition and impairment requirements as per Ind AS 109 – Financial Instruments.

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

Lease modifications, if any are accounted as a separate lease if the recognition criteria specified in the standard are met.

b) Operating Lease:

The company recognises lease payments from operating leases as income on either a straight-line basis or another systematic basis, if required. Lease modifications, if any are accounted as a separate lease if the recognition criteria specified in the standard are met.

1.16 Income Taxes:

The Company's major tax jurisdictions are 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.

1.17 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.

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

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. The net impact of the foreign exchange difference of foreign operations is recognised in Other Comprehensive income.

1.18 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.

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

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.

1.19 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.

1.20 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.

1.21 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.

1.22 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.

1.23 Provision and Contingencies:

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.

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.

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

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.

1.24 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

1.25 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.

1.26 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.

1.27 IND AS 116 - Leases:

Effective April 1, 2019, the Company adopted Ind AS 116 “Leases” and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method. The adoption of this standard did not have any material impact on the financial statements for the year ended March, 31 2020.

Lease payments associated with Short terms leases and Leases in respect of Low value assets are charged off as expenses on straight line basis over lease term or other systematic basis, as applicable..

1.28 IND AS 115 - Revenue from Contracts with customers (IND AS)

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.

1.29 The consolidation of financial statement (CFS) present the consolidated accounts of TD Power Systems Limited with its following subsidiaries:

1.29 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, 2020

2: PROPERTY, PLANT AND EQUIPMENTS

Amount in ₹ Lakhs

Particulars	GROSS BLOCK				DEPRECIATION				Written Down Value
	As at 01.04.2019	Additions	Disposal	As at 31.03.2020	As at 01.04.2019	For the year	Disposal	As at 31.03.2020	As at 31.03.2020
Free Hold Land	2,761.55	-	943.95	1,817.60	-	-	-	-	1,817.60
Buildings	11,167.08	2.45	-	11,169.53	2,725.94	321.79	-	3,047.73	8,121.80
Plant and machinery	21,067.10	1,048.00	83.48	22,031.62	13,624.12	1,575.17	59.44	15,139.85	6,891.77
Office equipments	307.16	19.06	0.30	325.92	241.25	13.13	0.28	254.10	71.82
Furniture and fixtures	365.65	8.66	-	374.31	250.68	25.38	-	276.06	98.25
Computers	678.77	60.89	64.59	675.07	524.26	52.54	62.13	514.67	160.40
Communication Equipments	22.21	-	0.12	22.09	19.25	1.02	0.11	20.16	1.93
Motor vehicles	289.31	206.66	46.05	449.92	257.94	19.87	43.75	234.06	215.86
TOTAL - A	36,658.83	1,345.72	1,138.49	36,866.06	17,643.44	2,008.90	165.71	19,486.63	17,379.43

PROPERTY, PLANT AND EQUIPMENTS - RESEARCH & DEVELOPMENT

Amount in ₹ Lakhs

Particulars	GROSS BLOCK				DEPRECIATION				Written Down Value
	As at 01.04.2019	Additions	Disposal	As at 31.03.2020	As at 01.04.2019	For the year	Disposal	As at 31.03.2020	As at 31.03.2020
Plant and machinery	1,600.92	-	-	1,600.92	1,005.96	159.25	-	1,165.21	435.71
TOTAL - B	1,600.92	-	-	1,600.92	1,005.96	159.25	-	1,165.21	435.71
TOTAL - C=A+B	38,259.75	1,345.72	1,138.49	38,466.98	18,649.40	2,168.15	165.71	20,651.84	17,815.14

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

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
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

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 Yedahalli 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.

Amount in ₹ Lakhs

3 CAPITAL WORK-IN-PROGRESS

Plant and Machinery

Land

TOTAL

4 INTANGIBLE ASSETS - (OTHER THAN GOODWILL)

Technical know-how

Gross Block (At Deemed Cost)

Additions during the year

Gross Block at the end of the year (A)

Accumulated amortisation at the beginning of the year

Amortisation for the year

Accumulated amortisation at the end of the year (B)

NET CARRYING VALUE (A-B)

5 INTANGIBLE ASSETS UNDER DEVELOPMENT

Technical know-how

TOTAL

	As at 31.03.2020	As at 31.03.2019
Plant and Machinery	63.91	75.84
Land	0.63	0.63
TOTAL	64.54	76.47
Technical know-how		
Gross Block (At Deemed Cost)	870.05	870.05
Additions during the year	73.00	-
Gross Block at the end of the year (A)	943.05	870.05
Accumulated amortisation at the beginning of the year	698.21	524.20
Amortisation for the year	54.51	174.01
Accumulated amortisation at the end of the year (B)	752.72	698.21
NET CARRYING VALUE (A-B)	190.33	171.84
INTANGIBLE ASSETS UNDER DEVELOPMENT		
Technical know-how	-	73.00
TOTAL	-	73.00

Amount in ₹ Lakhs

FINANCIAL ASSETS**6 INVESTMENT**

Details of Investments	Number of Securities		Amount in ₹ Lakhs	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Non current investments				
A Investments in Non-convertible Debentures carried at amortised cost - (quoted)				
Tata Capital Financial Services Limited 8.90% Maturity on 27.09.2023)	2,00,000	1,00,000	995.48	995.48
Tata Capital Financial Services Limited @ 8.50% (Maturity on 26.08.2024)	2,00,000	1,00,000	997.96	-
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)			1,993.94	995.98

Additional Information:

Aggregate Carrying value of quoted Non-convertible debentures	1,993.44	995.48
Market value of quoted Non Convertible Debentures	2,003.59	1,047.97
Aggregate carrying value of unquoted shares	0.50	0.50

7 OTHER FINANCIAL ASSETS:**(Unsecured , considered good)**

Other receivables	108.68	114.37
Bank deposits with more than 12 months maturity	-	100.00
Balance with government authorities - VAT Refund receivable	53.66	53.66
TOTAL	162.34	268.03

8 OTHER NON CURRENT ASSETS:**(Unsecured, Considered good)**

Capital advances*	1,095.21	1,103.57
Advance payment of tax (net)	715.21	-
Gratuity- Excess of fair value of plan assets over defined benefit obligation	111.89	182.26
TOTAL	1,922.31	1,285.83

* The company had 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.1,081.64 lakhs (PY Rs.1,101.31 lakhs) represents Rs.381.64 lakhs (PY Rs.401.31 lakhs) towards approx. 7.5 acres (PY 7.5 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.

	Amount in ₹ Lakhs	
	As at 31.03.2020	As at 31.03.2019
9 INVENTORIES		
Raw materials	5,235.91	5,060.04
Work in progress	8,294.47	4,653.77
Finished goods	66.34	52.19
Finished goods with subsidiary Companies	429.19	1,225.71
Stock in trade	235.04	88.68
Goods in transit:		
Raw materials	179.83	183.17
TOTAL	14,440.78	11,263.56
(Refer accounting policy No. 1.12 for valuation of inventories)		
10 TRADE RECEIVABLES		
Trade receivables	17,793.42	23,378.86
Less: Expected credit loss allowance (on trade receivables considered doubtful) Refer Note 39(c)	511.22	511.22
Trade receivables considered good	17,282.20	22,867.64
Additional information:		
Receivable, considered good and covered under letter of credit	612.97	935.62
Unsecured, considered good	16,669.23	21,932.02
TOTAL	17,282.20	22,867.64
11 CASH AND CASH EQUIVALENTS:		
Balances with banks:		
In current accounts	4,178.56	2,685.75
In deposit accounts with less than 3 months maturity	1,780.00	1,030.76
In EEFC account	2,170.20	509.89
Cash on hand	2.91	4.98
TOTAL	8,131.67	4,231.38
12 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS:		
Balance in unclaimed dividend account	1.52	1.13
Balance in escrow account for buyback of shares	-	169.87
Balance with bank in respect of TDPS ESOP Trust	8.66	-
Bank deposits with less than 12 months maturity	4,780.00	6,813.14
Deposits (Under lien) with bank as Margin money towards bank guarantee	2,898.43	1,581.69
TOTAL	7,688.61	8,565.83
13 OTHER FINANCIAL ASSETS: (Unsecured , Considered good)		
Security Deposit for rented premises	26.34	24.77
Security deposit for others	2.08	0.53
Earnest money deposit	2.94	4.85
Duty on finished goods	13.26	-
Balance with government authorities - GST/ED Refund receivable*	1,276.12	988.95
Interest accrued on term deposits	61.37	108.71
Interest accrued on Non Convertible Debentures	94.67	44.82
Accrued Export incentives	138.62	188.54
Unbilled revenue	82.52	11.67
Employee advance	41.15	38.79
TOTAL	1,739.07	1,411.63

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

	Amount in ₹ Lakhs	
	As at 31.03.2020	As at 31.03.2019
14 OTHER CURRENT ASSETS:		
Prepaid Expenses	220.71	217.30
Advance paid to suppliers (other than capital advances)	2,095.55	1,807.36
Balance with government authorities - Input tax credit	1,895.79	1,489.23
Expenditure tax - (Relating to foreign operations)	94.92	153.57
Others	4.86	325.06
TOTAL	4,311.83	3,992.52

*The Indian Subsidiary has accumulated Service tax and GST and GST credit of Rs. 739.69 lakhs. During the current financial year there was no operation in the said subsidiary company, as a result there was no movement in the GST balance. However the accumulated credit in this account will be utilised by the said subsidiary company on appropriate business opportunity.

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	3,09,33,414	3,10,09,223
Amount of Equity Share Capital (in Rs.)	3,093.34	3,100.92

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	3,10,09,223	3,32,37,588
Shares bought back during the year (Refer Note No. 15c)	75,809	22,28,365

Shares outstanding at the end of the year

3,09,33,414	3,10,09,223
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Amount of Equity Share Capital:

Share capital outstanding at the beginning of the year	3,100.92	3,323.76
Shares bought back during the year (Refer Note No. 15c)	7.58	222.84

Share capital outstanding at the end of the year

3,093.34	3,100.92
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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 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), approved earlier by the Board of Directors of the Company at its meeting held on September 26, 2018 was completed on April 10 2019.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

A total of 23,04,174 Equity Shares being 6.93% of the paid capital of the company was acquired & extinguished in terms of Regulation 21 r/w Regulation 11 of the SEBI Buy Back Regulations 2018. The paid up capital as at the year end (post Buyback) consists of 30,933,414 equity shares of Rs. 10 each amounting to Rs. 3,093.34 lakhs.

IV There were no shares reserved for issue under options and contracts/commitments for the sale of shares/disinvestment. The particulars of employee stock option is given in note no. 47.

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 31.03.2020		As at 31.03.2019	
	%	No of shares	%	No of shares
a. Saphire Finman Services LLP (Saphire Finman Services Private Limited)	16.25%	50,26,433	16.21%	50,26,433
b. Nikhil Kumar	15.05%	46,55,470	14.96%	46,38,664
c. Mohib N Khericha	12.06%	37,30,960	12.03%	37,30,960
d. Hitoshi Matsuo	10.46%	32,35,254	10.43%	32,35,254
e. Reliance Capital Trustee Company Limited	9.84%	30,44,298	9.79%	30,37,197
f. Sundaram Mutual Fund	6.24%	19,31,321	6.31%	19,57,562

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

16 OTHER EQUITY

Reserves & Surplus:

Capital Reserve

As at the beginning of the year (Refer Note No. 1.1)

As at the end of the year - A

Securities Premium

As at the beginning of the year

Less: Utilised for equity shares which were bought back during the year

Less: Transfer to Capital Redemption Reserve

Less: Expenses on buyback of shares

As at the end of the year - B

Capital Redemption Reserve

As at the beginning of the year

Add: Transfer from Securities Premium for shares bought back during the year

As at the end of the year - C

General Reserve

As at the beginning of the year

As at the end of the year - D

Retained earnings

As at the beginning of the year

Less: Dividend (Rs.2.00 per share (Previous year: Rs.1.80 per share)) including dividend distribution tax

Less: Interim Dividend (Rs. 1.50 per share) including dividend distribution tax (Refer Note No. 49)

Add: profit for the year as per statement of profit and loss

Add/(less): Remeasurement of defined benefit plan for the year

Add: Reclassification of FCTR of foreign subsidiaries

As at the end of the year - E

Stock Options Outstanding Account

As at the beginning of the year

Add: Addition during the year

As at the end of the year - F

	Amount in ₹ Lakhs	
	As at 31.03.2020	As at 31.03.2019
	718.29	718.29
	718.29	718.29
	17,550.66	20,507.63
	83.57	2,673.87
	7.58	222.84
	0.27	60.26
	17,459.24	17,550.66
	222.84	-
	7.58	222.84
	230.42	222.84
	3,369.92	3,369.92
	3,369.92	3,369.92
	16,562.77	17,021.17
	(745.84)	(721.25)
	(559.38)	-
	2,993.75	319.85
	(89.37)	(13.88)
	-	(43.12)
	18,161.93	16,562.77
	-	-
	281.34	-
	281.34	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

	Amount in ₹ Lakhs	
	As at 31.03.2020	As at 31.03.2019
Shares Purchased by ESOP Trust		
As at the beginning of the year	-	-
Add: Equity Shares of Rs. 10 each purchased during the year	(830.59)	-
Less: Dividend received during the year on the shares held by the ESOP Trust	8.46	-
As at the end of the year - G	(822.13)	-
Other Comprehensive Income:		
Exchange difference on translation of foreign operations		
Exchange difference on translations of foreign operations	27.36	43.12
Add: Transferred from statement of profit and loss	(19.41)	(15.76)
As at the end of the year - H	7.75	27.36
Total (A+B+C+D+E+F+G+H)	39,406.96	38,451.84

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

As at the beginning of the year	(29.86)	(15.98)
Remeasurements gain/(loss) on defined benefit plans	(119.44)	(21.35)
Income tax effect on above	30.07	7.47
Balance at the end of the year	(119.23)	(29.86)

Balance at the end of the year

- 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 as per requirement of Sec. 69 of the Companies Act 2013.
- 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.
- f) Stock Option Outstanding Account: The balance in this account represents the Employee Share based remuneration debited to the Statement of Profit and Loss.
- g) Shares Purchased by ESOP Trust: The shares held by the ESOP Trust are treated as treasury shares and included under other equity.

17 PROVISIONS:

Provision for Income tax (net of advance tax)*	-	127.10
Provision for employee benefits (Refer Note No. 41)	450.82	378.27
TOTAL	450.82	505.37

*Represents provisions (net of tax paid) held for earlier years pending completion of assessments / appellate proceedings.

	Amount in ₹ Lakhs	
	As at 31.03.2020	As at 31.03.2019
18 DEFERRED TAX LIABILITY		
Deferred tax liability:		
On account of depreciation on Property, plant and equipment	1,012.32	1,507.99
Deferred tax asset:		
On account of timing differences in recognition of expenditure	362.50	344.61
Total	649.82	1,163.38
MAT credit entitlement recognised to the extent the management expects to realise the same	-	(400.00)
Net Deferred tax liability/(asset)	649.82	763.38

Movement of Deferred tax liability/(asset)

Particulars

	Opening Balance	Recognition in statement of profit and loss	Recognition in other comprehen- sive income	Closing Balance
As on 31st March 2020:				
Deferred tax liability:				
On account of depreciation on property, plant and equipment	1,507.99	(495.67)	-	1,012.32
Deferred tax asset:				
On account of timing differences in recognition of expenditure	344.61	17.89	-	362.50
Total deferred tax liability	1,163.38	(513.56)	-	649.82
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

19 BORROWINGS

Secured loans:

Working Capital Borrowings

Loans repayable on demand

- rupee loan from banks - Cash Credit

635.73 1,608.16

Export Finance - FCNRB

- foreign currency loan from banks

6,131.07 4,531.05

TOTAL

6,766.80 6,139.21

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.

4,609.31 4,513.19

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 Dabaspeta Industrial Area, Yedehalli Village, Bengaluru Rural District, Bengaluru.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

	Amount in ₹ Lakhs	
	As at 31.03.2020	As at 31.03.2019
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, Yedahalli 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.	2157.49	1626.02
Loans repayable on demand	4,609.31	4,513.19
Interest at 12.05% p.a. is applicable on Rupee loans from Bank of Baroda which will be reviewed annually.		
Interest at 4.50% p.a. is applicable on FCNR Euro Loan from Bank of Baroda which will be rolled over after 6 months.		
Interest at 2.80% p.a. is applicable on FCNR JPY Loan from Kotak Mahindra Bank which will be rolled over after 6 months.		
20 TRADE PAYABLES		
total outstanding dues of micro enterprises and Small enterprises*	53.21	69.18
total outstanding dues of creditors other than micro enterprises and Small enterprises	14,304.05	16,769.96
TOTAL	14,357.26	16,839.14
All trade payables are non interest bearing and payable or settled within normal operating cycle of the company		
<u>Additional Information:</u>		
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	53.21	69.18
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	20.83	22.50
5. Interest due and payable for the period of delay other than (3) above	0.02	0.10
6. Interest accrued and remaining unpaid	0.02	0.10
7. Amount of further interest remaining due and payable in succeeding years	264.59	264.57
*The amount due to Micro, Small and Medium Enterprises is based on the information received and available with the group.		

	Amount in ₹ Lakhs	
	As at 31.03.2020	As at 31.03.2019
21 OTHER FINANCIAL LIABILITIES		
Unclaimed dividends *	1.52	1.13
Outstanding liabilities in respect of accrued expenses	5,305.20	4,368.61
Duties and taxes payable	130.61	126.12
Earnest Money Deposit	2.15	2.15
Mark to market loss on forward contracts(Refer Note No. 39B)	228.18	-
Employee benefits payable	380.15	325.20
TOTAL	6,047.81	4,823.21
* 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	4,255.25	3,419.93
TOTAL	4,255.25	3,419.93
23 PROVISIONS		
Provision for warranties (Refer Note No 45)	235.63	216.89
Provisions for employee benefits (Refer Note No 41)	78.72	75.95
TOTAL	314.35	292.84
24 CURRENT TAX LIABILITIES (NET)		
Provision for taxation (net of advance tax)	400.35	478.22
TOTAL	400.35	478.22
25 REVENUE FROM OPERATIONS		
Sale of Goods		
- AC generators	36,169.96	36,569.92
- AC generator spares	7,819.32	2,484.84
- Power Project business Inland	661.26	842.55
- Power Project business Overseas Branch	2,461.67	3,445.19
- Power Business Overseas	10,966.20	8,421.00
Total	58,078.41	51,763.50
Sale of services	777.02	1,093.69
Sale of scrap	779.55	703.95
Total	59,634.98	53,561.14
Less: Intersegmental sales	774.58	631.45
Inter company sales	7,371.06	7,027.49
TOTAL	51,489.34	45,902.20
26 OTHER INCOME		
Interest income on bank deposits	620.60	760.02
Interest income on financial assets - non convertible debentures carried at amortised cost	139.74	44.82
Interest income on other financial assets	-	0.01
Dividend from investment measured at FVTPL	0.06	0.06
Profit on sale of property, plant and equipments (Net)	38.62	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

	Amount in ₹ Lakhs	
	Year ended 31.03.2020	Year ended 31.03.2019
Foreign exchange fluctuation gain (Net of loss)	405.95	9.41
Provision no longer required	55.06	9.07
Income from Renting of equipments	39.22	73.51
Other non operating income (net of expenses directly attributable to such income)	19.51	19.00
TOTAL	1,318.76	915.90
27 COST OF MATERIALS CONSUMED		
Consumption of raw materials	36,757.75	29,195.82
Consumption of stores and spare parts	369.53	300.39
Total	37,127.28	29,496.21
Consumption of major raw materials consists of:		
Copper (wires, strips, rods, sheet etc.)	5,305.00	5,451.92
Steel/ Laminations	6,433.62	6,554.09
Shaft Forgings	1,926.17	1,690.70
Others	23,092.96	15,499.11
TOTAL	36,757.75	29,195.82
28 PURCHASES AND CHANGES IN INVENTORIES OF STOCK IN TRADE		
Inventory at the beginning of the year	88.68	168.73
Add: Purchases for Projects Business	1,828.38	4,529.65
Less: Inventory at the end of the year	199.24	88.68
TOTAL	1,717.82	4,609.70
29 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS STOCK IN TRADE		
Inventory at the end of the year		
Work in progress - A C Generators	8,294.47	4,653.77
Finished goods - A C Generators	66.34	52.19
Finished goods - A C Generators at subsidiary	550.36	1,297.45
TOTAL	8,911.17	6,003.41
Less: Inventory at the beginning 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	100.77
	6,003.41	3,856.91
Net (Increase) / Decrease	(2,907.76)	(2,146.50)
30 EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	5,268.81	5,070.45
Contribution to provident and other funds	431.51	361.64
Remuneration to whole time directors including contribution to provident and other Funds (Refer Note No.42)	196.86	255.53
Share based remuneration to employees (Refer Note No. 47)	281.34	-
Staff welfare expenses	1,076.02	919.96
TOTAL	7,254.54	6,607.58

	Amount in ₹ Lakhs	
	Year ended 31.03.2020	Year ended 31.03.2019
31 FINANCE COST		
Interest	378.85	252.93
Foreign exchange difference recorded as an adjustment to borrowing cost	166.34	31.36
TOTAL	545.19	284.29
32 DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation on property, plant and equipments	2,168.15	2,424.96
Amortization of intangible assets	54.51	174.01
TOTAL	2,222.66	2,598.97
33 OTHER EXPENSES		
Power and fuel	718.55	666.16
Rent (Refer Note No. 43)	80.89	58.19
Repairs and maintenance		
-Buildings	18.85	15.97
-Machinery	253.48	194.69
-Others	54.55	48.50
Insurance	68.14	59.87
Manufacturing expenses	211.93	142.32
Rates and taxes	87.19	78.38
Payment to the auditors (excluding GST)		
-auditor fees (including audit of consolidated financial statements)	13.50	12.50
- for Limited review of quarterly financial results including consolidated financial results	6.25	5.88
-for taxation matters	0.50	0.50
-for other services - Certification fees	4.95	4.10
-out of pocket expenses	0.49	0.02
Legal and professional charges	400.72	333.58
Royalty	13.93	6.28
Travelling expenses	1,080.57	1,161.57
Bank charges	438.71	290.03
Software Expenses on ERP	132.35	140.60
Corporate Social Responsibility	16.00	30.00
Director Sitting fees	25.10	14.60
Maintenance of Vehicles	51.36	54.95
Postage, Telegrams and Telephones	68.61	64.31
Printing and stationary	34.35	38.55
Carriage, freight and Selling expenses	1,160.36	1,129.32
Donations	6.50	8.14
Loss on sale of fixed asset	-	19.67
Advertisement	20.74	24.81
Subscription to Technical Associations, Journals and Magazines	8.18	11.35
Miscellaneous Expenses	-	4.12
TOTAL	4,976.75	4,618.96

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

	Amount in ₹ Lakhs	
	Year ended 31.03.2020	Year ended 31.03.2019
34 EXCEPTIONAL ITEMS:		
Profit on Sale of land (Refer Note No. 50)	215.94	-
Creditors written back (Refer Note No. 51)	1,189.30	-
Total	1,405.24	-
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	(119.44)	(21.35)
Income tax on Defined benefit plans		
-Current Tax	30.07	-
- Deferred Tax	-	7.47
Items that will be reclassified to profit or loss:		
Exchange difference on translation of foreign operations	(19.41)	(15.76)
TOTAL	(108.78)	(29.64)
36 EARNINGS PER SHARE: - BASIC		
Profit for the year after tax expense	2,993.75	319.85
Weighted average number of equity shares outstanding during the year (net of treasury shares)	3,06,71,155	3,26,37,209
Earnings per share (in ₹)	9.76	0.98
Face Value of Equity share (in ₹)	10.00	10.00
EARNINGS PER SHARE: - DILUTED		
Profit for the year after tax expense	2,993.75	319.85
Weighted average number of equity shares outstanding during the year (net of treasury shares)	3,09,72,341	3,26,37,209
Earnings per share (in ₹)	9.67	0.98
Face Value of Equity share (in ₹)	10.00	10.00
37 CONTINGENT LIABILITIES AND COMMITMENTS:		
(to the extent not provided for)		
Contingent Liabilities:		
Performance Guarantees	11,963.22	10,933.35
Performance Guarantees given to customers on behalf of subsidiary companies	543.28	92.10
Income Tax demand disputed by the company	43.36	43.36
VAT and Entry tax demand disputed by the subsidiary Company (Refer Note No. 53)	129.54	-
The management believes, based on internal assessment and / or legal advice, that the probability of an ultimate adverse decision and outflow of resources of the Company is not probable and accordingly, no provision for the same is considered necessary.		
Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	354.55	159.50
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 : Amount in ₹ Lakhs

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Total profit/(loss) before tax (A)	1,858.44	1,134.83
Income tax rate (B)	25.17%	34.94%
Tax expense - (C) = (A) X (B)	467.73	396.55
Add - Tax effect of the amounts as under:		
a) Expenses - Not Deducted	235.89	257.54
b) Tax incentive- deduction for research & development expenditure	-	(82.75)
c) Deduction allowable under chapter VI-A	(0.38)	(0.52)
d) Other adjustment and rounding off	51.83	29.00
Total (D)	287.34	203.27
Net current tax expense (E) = (C)+(D)	755.07	599.82
Net current tax expense (Rounding off to nearest thousand)	755.07	600.00
Tax Provision in Foreign Subsidiary	68.53	1.13
Net current tax expense (E) = (C)+(D)	823.60	601.13
Tax expenses related to item classified under other comprehensive income	(30.07)	-
Net current tax expense (Rounding off to nearest thousand)	793.53	601.13

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

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Deferred tax liabilities at the beginning of the year	1,163.38	1,342.94
Income tax rate (B)	25.17%	34.94%
Tax effect of the amounts as under:		
- -Change in the income tax rate	(325.42)	-
- Change in Difference between book value and WDV of property, plant and equipment	(81.07)	(143.93)
- Change in Difference between book value and WDV of technical knowhow	7.19	(26.35)
- Change in recognition in other comprehensive income	(24.69)	-
- Change in Provision for employee benefit disallowed	(89.57)	(9.28)
Deferred tax liabilities at the end of the year	649.82	1,163.38
Deferred tax expenses in the statement of profit and loss	(513.57)	(172.09)
Deferred tax expenses in the other comprehensive income	-	7.47

38(c) Pursuant to Taxation Laws (Amendment) Ordinance 2019, dated September 20, 2019, the Company intends to exercise the option permitted u/s 115BAA of the Income Tax Act, 1961 to compute Income Tax at the rate of 22% plus applicable surcharge and cess (i.e., effective tax rate of 25.168%) from the financial year 2019-20. Tax expense for the year is after considering the impact of revised tax rates. Consequently, on account of re-measurement of deferred tax liabilities at the revised tax rate, an amount of INR 325.42 Lakhs has been reversed to Profit and Loss Statement during the year.

39 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

Amount in ₹ Lakhs

B. Financial Assets / Liabilities Classification:

Particulars	Carrying Amount	
	As at 31.03.2020	As at 31.03.2019
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	8,131.67	4,231.38
Bank balances other than cash and cash equivalents	7,688.61	8,565.83
Trade receivables	17,282.20	22,867.64
Other financial assets	1,901.41	1,679.66
Investment in Non Convertible Debentures	1,993.44	995.48
Financial liabilities at amortised cost:		
Short term borrowings	6,766.80	6,139.21
Trade payables	14,357.26	16,839.14
Other financial liabilities excluding Mark to market loss on foreign exchange forward contact	5,819.63	4,823.21
Financial liabilities at fair value through Profit and Loss (FVTPL):		
Mark to market loss on foreign exchange forward contacts (level 2) (Refer Note No. 21)	228.18	-

* 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 (level 3)

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 investment in Non-convertible Debentures 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 contact. 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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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 31.03.2020	As at 31.03.2019
Total Receivable	17,282.20	22,867.64
Receivable individually in excess of 10% of the receivable	9,340.01	7,839.20
Percentage of the above receivables to the total receivables of the Company	54.04%	34.28%

Receivables in excess of 10% of individual business receivables represents receivables from three customers/group as at 31st March 2020 and two customers/group as on 31st March 2019.

	As at 31.03.2020
Customer A	24.17%
Customer B	16.97%
Customer C	12.90%
	As at 31.03.2019
Customer A	21.98%
Customer D	12.30%

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.

	As at 31.03.2020	As at 31.03.2019
Total Receivable	17,793.42	23,378.86
Provision for credit loss	511.22	511.22
Percentage	2.87%	2.19%

Reconciliation of loss allowance provision

	As at 31.03.2020	As at 31.03.2019
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, investment in non-convertible debentures and the cash flow that is generated from operations. The cash and cash equivalent, other bank balances and non-convertible debentures aggregates to ₹ 17,813.72 lakhs at the end of year (PY - ₹ 13,892.69 lakhs). In addition the net trade receivables as at the year end was ₹ 17,288.36 lakhs (PY ₹ 22,867.64 lakhs). The Company believes that the working capital is sufficient to meet its current requirements. 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 31.03.2020	As at 31.03.2019
Trade Payables	14,357.26	16,839.14
Short Term Borrowings	6,766.80	6,139.21
Other Payables:		
Statutory dues	130.61	126.12
Employee dues	380.15	325.20
Other dues	5,537.05	4,371.89
Total	27,171.87	27,801.56

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:

- The foreign exchange forward contracts outstanding as on 31.03.2020 in respect of Euro is 140,00,000 (2019: NIL)
- The total foreign currency exposures as at the end of the year is as under:

In Foreign Currency

Particulars	As at 31.03.2020 (Amount in Lakhs)			
	USD	Euro	JPY	Others
Assets/ Receivables	28.22	68.15	682.75	0.37
Liabilities (including advances)	21.87	56.52	3,237.66	-

Rupee Equivalent

Particulars	As at 31.03.2020 (Amount in Lakhs)			
	USD	Euro	JPY	Others
Assets/Receivables	2,124.72	5,583.74	471.71	27.68
Liabilities (including advances)	1,618.00	4,729.77	2,270.89	-

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

Rupee Equivalent

Particulars	As at 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)	2,776.09	4,306.64	1,105.23	44.51

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 2020 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 31.03.2020		As at 31.03.2019	
	Strengthening	Weakening	Strengthening	Weakening
5% Movement in:				
USD	(66.27)	66.27	(9.50)	9.50
EURO	(42.70)	42.70	(8.74)	8.74
JPY	89.96	(89.96)	16.02	(16.02)
Others	(1.38)	1.38	(1.12)	1.12

ii) Interest Rate Risk:

The Company's investments are primarily in Fixed rate interest bearing deposits and non-convertible debentures. 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 6.45% as at 31.03.2020 in comparison to 5.92% as at 31.03.2019.

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

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

Secondary segment is reported based on the geographical location of the company, viz., India, Japan, USA, Europe and Hongkong. Revenues in the secondary segment are based on the sales made by the branch office or subsidiaries. Inter-segmental purchases & 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.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

SEGMENT REPORTING (CONTD.)

Amount in ₹ Lakhs

(I) Business segment

		Primary Segment				Total
Particulars		Manufacturing	Project Business	EPC	Common	
Current Year						
1	Segment Revenues					
	External Revenues	56,472.64	3,162.34	-	-	59,634.98
	Inter segment revenues	(774.58)	-	-	-	(774.58)
	Inter company	(7,371.06)	-	-	-	(7,371.06)
	Total Revenues	48,327.00	3,162.34	-	-	51,489.34
2	Segment Results					
	Profit Before Taxation, Interest and Depreciation	3,687.28	(163.19)	(127.39)	(75.99)	3,320.71
	Less: Interest	545.19	-	-	-	545.19
	Less: Depreciation and Amortizations	2,217.16	2.58	-	2.92	2,222.66
	Total	924.93	(165.77)	(127.39)	(78.91)	552.86
3	Unallocable & Other Income including exceptional item	1,026.00	89.79	-	1,608.21	2,724.00
	Less: Tax	282.55	0.56	-	-	283.11
	Profit after tax	1,668.38	(76.54)	(127.39)	1,529.30	2,993.75

		Primary Segment				Total
Particulars		Manufacturing	Project Business	EPC	Common	
Previous Year						
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 Amortizations	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 including exceptional item	587.02	82.71	-	246.17	915.90
	Less: Tax	427.91	1.13	-	-	429.04
	Total Profit	422.62	18.02	(158.22)	37.43	319.85
4	Segment Assets - Current Year	57,188.15	5,244.66	128.70	13,181.25	75,742.76
	Segment Assets - Previous Year	54,763.02	8,676.21	0.70	11,374.13	74,814.06
5	Segment Liabilities - Current Year	20,844.10	3,307.09	1,650.54	7,440.73	33,242.46
	Segment Liabilities - Previous Year	17,999.43	5,556.10	2,780.62	6,925.15	33,261.30
6	Capital Expenditure (Gross)	1,345.72	-	-	-	1,345.72
	Disposal	(1,138.49)	-	-	-	(1,138.49)
	Capital Expenditure (Net of disposal) - Current Year	207.23	-	-	-	207.23
	Capital Expenditure (Gross)	1,199.53	-	-	-	1,199.53
	Disposal	(262.07)	-	-	-	(262.07)
	Capital Expenditure (Net of disposal) - Previous Year	937.46	-	-	-	937.46

(ii) Geographical Segment:

Particulars	Segment revenue by geographical Market	
	Year ended 31.03.2020	Year ended 31.03.2019
Sales from India		
Domestic Sales (including Deemed Export)	29,530.83	26,744.85
Export Sales	16,676.28	14,950.10
Sales of Overseas Branch and Subsidiary	13,427.87	11,866.19
Less: Inter-segmental sales	(774.58)	(631.45)
Less: Inter-company sales	(7,371.06)	(7,027.49)
Total	51,489.34	45,902.20

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 of deletion)	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Located in India	66,293.30	63,176.11	(107.82)	864.03
Located outside India	9,449.46	11,637.95	315.05	73.43
Total	75,742.76	74,814.06	207.23	937.46

(iii) Information about Major customers -

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

Particulars	As at 31.03.2020
Customer A	13.52%
Particulars	As at 31.03.2019
Customer A	20.63%
Customer B	12.39%

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.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

i. Movement in net defined benefit asset on Gratuity plan

Amount in ₹ Lakhs

Particulars	Defined benefit obligation		Fair value of plan assets		Net defined benefit asset	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Opening balance	840.42	789.25	1,022.14	970.20	181.72	180.95
Included in profit or loss:						
Current service cost	75.82	69.48	-	-	(75.82)	(69.48)
Interest Income on planned asset	-	-	79.61	72.95	79.61	72.95
Interest cost	61.74	56.36	-	-	(61.74)	(56.36)
Total amount recognised in profit or loss	137.55	125.84	79.61	72.95	(57.94)	(52.89)
Included in OCI:						
Actuarial loss (gain)	110.63	21.01	-	-	(110.63)	(21.01)
Return on plan assets greater/(lesser) than discount rate	-	-	(8.80)	(0.34)	(8.80)	(0.34)
Total amount recognised in other comprehensive income	110.63	21.01	(8.80)	(0.34)	(119.44)	(21.35)
Contributions paid by the employer	-	-	107.00	75.01	107.00	75.01
Benefits paid	56.21	95.68	56.20	95.68	(0.01)	-
Closing balance	1,032.39	840.42	1,143.75	1,022.14	111.35	181.72

ii. Details of Plan assets

Government of India securities (central and state)
Schemes of insurance - conventional products
Others (including Fixed Deposits and Special Deposits)

	31.03.2020	31.03.2019
	-	-
	100.00%	100.00%
	-	-
	100.00%	100.00%

iii. Actuarial Assumptions

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

Financial assumptions:

Discount rate

Salary escalation rate

Demographic assumptions:

Retirement age

Mortality table

Withdrawal rate % (All ages)

	31.03.2020	31.03.2019
	6.80%	7.60%
	7.00%	7.00%
	58 Years	58 Years
	Indian Assured Lives Mortality (2006-08) Ult.	
	3.00%	3.00%

IV. Sensitivity analysis

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

Amount in ₹ Lakhs

	31.03.2020		31.03.2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1% Movement)	(109.95)	131.55	(84.18)	100.51
Salary escalation rate (1% Movement)	125.07	(107.27)	95.53	(81.48)
Withdrawal rate (1% Movement)	(1.78)	2.01	5.67	(6.46)

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.

Amount in ₹ Lakhs

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

	Gratuity (Funded)	
	31.03.2020	31.03.2019
For the year ending:		
Less than 1 year	113.96	110.37
Between 1-2 years	37.70	50.55
Between 2-3 years	39.13	37.84
Between 3-4 years	43.67	41.87
Between 4-5 years	64.83	53.18
Between 5-10 years	487.34	469.99

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

	Amount in ₹ Lakhs	
	Defined benefit obligation	
	31.03.2020	31.03.2019
Opening balance	453.44	464.07
Included in profit or loss:		
Current service cost	106.13	104.43
Interest cost	33.36	32.69
Actuarial loss (gain)	(35.81)	(79.91)
Total amount recognised in profit or loss	103.68	57.21
Benefits paid	28.86	67.84
Closing balance	528.26	453.44

II. Actuarial Assumptions

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

	31.03.2020	31.03.2019
Financial assumptions:		
Discount rate	6.80%	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 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	Companies in which director/relative of director is interested		Key management personnel	
	Year ended 31.03.2020	Year ended 31.03.2019	Year ended 31.03.2020	Year ended 31.03.2019
<u>Directors Remuneration:</u>				
Nikhil Kumar:				
Short-term employee benefits	-	-	220.61	225.78
Other long term employee benefit	-	-	18.36	18.99
Dividend	-	-	162.35	83.50
K G Prabhakar (upto 30.06.2018)				
Short-term employee benefits	-	-	-	45.09
Other long term employee benefit	-	-	-	0.97
Dividend	-	-	0.16	0.08
<u>Remuneration to Key Managerial Personnel:</u>				
N Srivatsa				
Short-term employee benefits	-	-	51.11	47.62
Other long term employee benefit	-	-	3.31	3.16
Employees Share Option Cost relating to 97,962 options granted during the year**	-	-	28.62	-
Dividend (below the rounding off amount)	-	-	-	-
M N Varalakshmi *				
Short-term employee benefits	-	-	37.19	26.69
Other long term employee benefit	-	-	2.39	1.71
Employees Share Option Cost relating to 56,160 options granted during the year**	-	-	16.41	-
Dividend (below the rounding off amount)	-	-	-	-
<u>Directors Sitting fees</u>				
Mohib Khericha	-	-	6.20	4.90
Nikhil Kumar	-	-	0.80	0.60
<u>Ravindu Motors Private Limited</u>				
Servicing of Vehicles	1.67	3.51	-	-
Purchase of Motor Vehicle	25.08	-	-	-
<u>Trident Automobiles Private Limited</u>				
Servicing of Vehicles	0.39	0.27	-	-

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

** ESOP Cost is relating to options granted during the year which is yet to be exercised.

43 Operating Lease:

The group has taken office facilities, guesthouse and residential premises of employees under short term lease and are renewable on a periodic basis, and cancelable at its option. Rental expenses recorded for short term leases for the year is ₹ 80.89 lakhs (Previous year ₹ 58.19 lakhs).

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

- 44 a The Group does not have any pending litigations which would impact its financial position as on the reporting date except to the extent disclosed in Note 37
- b The Company does not have any long term contracts for which there were any material foreseeable losses. The provision made for forward foreign exchange contracts is disclosed in Note No. 21.
- 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 comprehensive- income	Amount (in Lakhs)	As % of Consolidated total comprehensive income	Amount (in Lakhs)
1	2	3	4	5	6	7	8	9
Parent								
TD Power Systems Limited	106.94%	45,447.97	54.91%	1,643.86	-42.55%	46.29	58.58%	1,690.15
TD Power Systems Limited - Previous Year	109.97%	45,695.25	221.02%	706.92	33.74%	(10.00)	240.14%	696.92
Subsidiaries								
India								
DF Power Systems Private Limited	-1.87%	(796.05)	37.51%	1,122.95	0.00%	-	38.92%	1,122.95
DF Power Systems Private Limited- Previous Year	-4.62%	(1,919.00)	-44.71%	(143.02)	0.00%	-	-49.28%	(143.02)
Foreign								
TD Power Systems USA Inc	-2.30%	(977.90)	-4.13%	(123.61)	97.38%	(105.93)	-7.96%	(229.54)
TD Power Systems USA Inc - Previous Year	-1.80%	(748.36)	-4.11%	(13.15)	106.88%	(31.68)	-15.45%	(44.83)
TD Power Systems Japan Limited	0.06%	23.38	-2.39%	(71.65)	-0.17%	0.19	-2.48%	(71.46)
TD Power Systems Japan Limited - Previous Year	0.23%	94.84	-57.85%	(185.02)	-8.91%	2.64	-62.84%	(182.38)
TD Power Systems Europe GmbH	0.74%	313.32	6.58%	197.02	28.19%	(30.67)	5.77%	166.35
TD Power Systems Europe - GmbH - Previous Year	0.35%	146.97	6.45%	20.63	-46.79%	13.87	11.89%	34.50
TD Power Systems Jenerator Sanayi Anonim Sirketi	0.83%	352.64	7.98%	238.81	17.15%	(18.66)	7.63%	220.15
TD Power Systems Jenerator Sanayi Anonim Sirketi- Previous Year	0.32%	132.49	1.64%	5.23	15.08%	(4.47)	0.26%	0.76
Consolidation adjustments	-4.38%	(1,863.06)	-0.46%	(13.63)	0.00%	-	-0.46%	(13.63)
Consolidation adjustments- Previous Year	-4.45%	(1,849.43)	-22.43%	(71.74)	0.00%	-	-24.72%	(71.74)
Total	100.00%	42,500.30	100.00%	2,993.75	100.00%	(108.78)	100.02%	2,884.97
Total - Previous Year	100.00%	41,552.76	100.00%	319.85	100.00%	(29.64)	100.00%	290.21

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Amount in ₹ Lakhs

45 During the year, the parent Company has made provisions towards Warranty claims, the details of the same are as under:

	Warranty claims	
	As at 31.03.2020	As at 31.03.2019
Balance outstanding at the beginning	216.89	219.64
Provision for the reporting period	18.74	-
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	235.63	216.89

46 Corporate Social Responsibility

- a. Gross amount required to be spent by the company for the year (i.e. 2019-2020) - Rs. 13.53 lakhs
b. Amount spent as at the end of year is:

Towards	Spent	To be spent	Total
Construction/acquisition of any asset	-	-	-
On purposes other than (1) above	224.77	-	224.77

- a. Gross amount required to be spent by the company for the previous year (i.e. 2018-2019) - Rs.23.15 lakhs
b. Amount spent as at the end of year is:

Towards	Spent	To be spent	Total
Construction/acquisition of any asset	-	-	-
On purposes other than (1) above	208.77	-	208.77

47 Employee Stock Benefit Plans

During August 2019, the Company had instituted an Employee Stock Option Plan I (GIL ESOP I) as approved by the Board of Directors and the Shareholders, for the allotment of 10,00,000 shares in aggregate, out of which not more than 5,65,000 shares to be acquired by the Trust through Secondary Acquisition and not more than 4,35,000 shares shall be issued by way of Primary / Fresh shares. The maximum number of options that may be granted to any employee in any year and in aggregate shall not exceed 2,00,000 options under the plan.

In accordance with the shareholders' approval in Annual General Meeting held on 12th August 2019, the Board, based on the recommendations of the Nomination and Remuneration Committee, has approved grant of 5,63,884 employee stock options ("ESOPs") and 3,99,216 employee stock appreciation rights ("ESARs") to the eligible employees of the Company and/or its Subsidiary Company(ies) under its TDP SL Equity Based Compensation Plan 2019 ("Plan"). These were outstanding at the period end.

Out of which 97,962 ESOPs and 56,160 ESOPs have been granted to Company Secretary and Chief Financial Officer of the company respectively.

The fair value of each equity settled award is estimated on the date of grant using the Black-Scholes-Merton model with the following assumptions:

Particulars	ESOP No. of Options	ESAR No. of Options
Market Price (₹)	134.45	134.45
Expected Life (in Years)	3 - 5	3 - 5
Volatility (%)	38.84 - 40	38.84 - 40
Risk free Rate (%)	5.93 - 6.26	5.93 - 6.26
Exercise Price (₹)	67.25	67.25
Dividend Yield (%)	1.49	1.49
Weighted Average Fair Value of the Vest (₹)	78.92	78.92

48 Final Dividend:

On 4th June 2020, (2019: 22nd May 2019) the Board of Directors of the Company have proposed a dividend of Rs. 0.75 (2019; Rs. 2.00) per share in respect of the year ended 31st March 2020 subject to approval of shareholders at the Annual General Meeting.

49 Interim Dividend:

During the quarter ended 31st March 2020, an interim dividend of Rs.1.50/- (Previous Year: Nil) per equity share of Rs.10/- each was declared by the Board of Directors at their meeting held on 12th February 2020 and the said amount has been paid on 2nd March 2020.

50 During the year, the Company has sold unutilised land measuring 17 acre and 11 guntas at a price of Rs.87.50 lakhs per acre totaling to Rs.1,511.56 Lakhs situated at Pemmanahalli village, Sompura Hobli, Nelamangala Taluk, Bangalore Rural District. After considering the carrying cost of land of Rs.943.95 lakhs and the estimated cost of development of Rs.351.67, the net profit arising from the sale of said land of Rs.215.94 lakhs has been included under exceptional item. The formalities relating to execution of sale deed before Nelamangala Sub-Registrar was completed during the year.

51 Creditors Written Back:

During the year, Indian Subsidiary Company has written back creditors amounting to Rs. 1,189.30 lakhs being the amount outstanding for 3 to 5 years based on liquidated damages suffered by the Company against project supplies made by these creditors, counter claims of the Company in respect of performance guarantees and amount being unclaimed.

52 The outbreak of Covid-19 has resulted in the Government of India undertaking drastic measures for containment of the disease. In view of these measures, the operations at the manufacturing units of the holding company was fully shutdown from March, 23 2020. The holding company was able to resume limited operations at its manufacturing units during April, 2020 after obtaining necessary approvals from the authorities. The holding company was able to achieve almost normal level of operations from 11th May, 2020 consequent to further permissions and relaxations from the Government Authorities. During the period, the functioning of the foreign subsidiaries were generally unaffected by Covid-19.

The incremental costs incurred by the holding company to adhere to the standard operating procedures notified by the Government / Authorities was not very significant.

The global spread of Covid-19 has led to an uncertain business environment. The management has considered the possible effects that may result from the Covid-19 pandemic on the carrying value of various assets after taking into account various internal and external information upto the date of approval of these financial statements and have concluded that they are recoverable based on the expected future performance of the Group. The Group has also assessed various scenarios and assumptions and based on the current estimates, the management of the Group expects that the carrying amount of these assets, as reflected in the balance sheet as at March 31, 2020, are fully recoverable and that no further provision is required.

Considering the present liquidity position of the Group and its ability to raise funds, if required, the management does not foresee any adverse impact on its ability to continue as going concern and in meeting its liabilities as and when they fall due.

The impact assessment of Covid-19 is a continuing process given the uncertainties associated with its nature as well as its duration and the management will continue to monitor any events/ changes to future economic conditions. Accordingly, the impact may be different from that estimated as at the date of approval of these financial statements.

53 In case of Indian subsidiary, consequent to an ex-parte order dated April 30 2019 passed by the Asst. Commissioner of Commercial Taxes, Chhattisgarh in respect of Assessment for the FY 2014-15, a claim has been received for Rs.110.01 lakhs towards VAT and for Rs.19.52 lakhs towards entry tax. That company has filed a remand application with the Commissioner of Commercial Taxes Chhattisgarh against the said ex-parte order. That Company has been advised that since all the purchases were within the state of Chhattisgarh including VAT which if set off against the Output VAT, for which certain documents are to be provided by that Company to the assessing officer, no VAT liability would arise. It is also advised that considering nature of purchases, entry tax is also not applicable. Thus the entire is contestable in an assessment proceeding. Further the applicable returns have been filed periodically.

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

Mohib N Khericha
Chairman
DIN: 00010365
Place: Ahmedabad

Nikhil Kumar
Managing Director
DIN:00062243
Place: Frankfurt

M N Varalakshmi
Chief Financial Officer
Place: Bangalore

N Srivatsa
Company Secretary
Membership No. F4699
Place: Bangalore

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: 4th June 2020

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TD Power Systems Limited
REGISTERED OFFICE & FACTORY:

27, 28 and 29, KIADB Industrial Area
Dabaspeta, Nelamangala Taluk
Bengaluru Rural District
Bengaluru – 562 111, India

www.tdps.co.in