

TD Power Systems Japan KK

Annual Report - 2016

Corporate Information

Registered office

Tohwa Building, 1F,
3-3-3,
Kitashinagawa
Shingawa-ku
Tokyo –140-0001,
Japan

Board of Directors

Nikhil Kumar

Mohib N. Khericha

Nandita Lakshmanan

T. Hosoya
Representative Director

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF TD POWER SYSTEMS JAPAN LIMITED**

Report on the Financial Statements:

We have audited the accompanying financial statements of TD Power Systems Japan Limited (“the Company”) which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information for the limited purpose of verifying the compliance with Schedule III required for consolidation.

Management's Responsibility for the Financial Statements:

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

Auditor's Responsibility:

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

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

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

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



An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, and its losses and its cash flows for the year ended on that date for the limited purpose of consolidation.

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


R.SATYANARAYANA MURTHI
Partner
Membership No. 024248

Date: May 11, 2016
Place: Bangalore

B K RAMADHYANI & CO. LLP
CHARTERED ACCOUNTANTS
No. 68, # 4-B, Chitrapur Bhavan,
8th Floor, 15th Cross, Malleswaram,
BANGALORE - 560 055.


TD POWER SYSTEMS JAPAN LIMITED
BALANCE SHEET AS AT MARCH 31, 2016

Particulars	As at 31.03.2016		As at 31.03.2015	
	Rs.	Rs.	Rs.	Rs.
I. EQUITY AND LIABILITIES				
(1) Shareholders' Funds				
(a) Share Capital	2	12,244,000	12,244,000	
(b) Reserves and Surplus	3	24,249,009	20,065,965	
		36,493,009		32,309,965
(2) Non - current liabilities				
(a) Long term borrowings	4	-	17,526,000	
				17,526,000
(3) Current Liabilities				
(a) Trade payables	6	1,128,772	33,370,398	
(b) Other current liabilities	7	89,078,566	290,106,064	
(c) Short term provisions	8	53,379	2,589,561	
		90,260,717		326,066,023
TOTAL		<u>126,753,726</u>	<u>326,066,023</u>	<u>375,901,987</u>
II. ASSETS				
(1) Current Assets				
(a) Inventories		77,960,975	-	
(b) Trade receivables	9	2,467,296	1,101,450	
(c) Cash and Bank Balance	10	42,410,981	143,554,364	
(d) Short term loans and advances	11	3,914,474	231,246,174	
		126,753,726		375,901,988
TOTAL		<u>126,753,726</u>	<u>375,901,988</u>	<u>375,901,988</u>

Summary of Accounting Policies, other explanatory information & Notes attached form 1 - 17 an integral part of the Balance Sheet

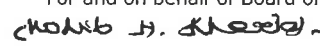
In Accordance with our Report attached

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


R SATYANARAYANA MURTHI
Partner - M.No. 024248

Place : Bangalore
Date : 11th May 2016

For and on behalf of Board of Directors


Mohib N Khericha

Director


T Hosoya
Managing Director


Nikhil Kumar
Director

BK RAMADHYANI & CO. LLP
CHARTERED ACCOUNTANTS
No. 68, 54-B, Chitrapur Bhavan,
8th Main, 10th Cross, Malleswaram,
BANGALORE - 560 055.

TD POWER SYSTEMS JAPAN LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

Particulars	Current Year		Previous Year	
	Rs.	Rs.	Rs.	Rs.
I. Revenue from Operations	12	287,050,973		504,055,330
II Other Income	13	104,456		12,995,652
III Total revenue (I + II)		<u>287,155,429</u>		<u>517,050,982</u>
IV Expenses				
Purchases for Project Business	14	<u>275,834,294</u>	431,456,049	
Employee benefits expense	15	275,834,294		431,456,049
Finance costs	16	11,160,221		38,528,434
Other expenses	17	560,899		431,464
Total Expenses		<u>289,078,077</u>		<u>495,613,405</u>
V Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)		(1,922,648)		21,437,577
VI Profit before tax		(1,922,648)		21,437,577
VII Tax expense:				
(1) Current tax		<u>106,758</u>	7,310,481	
VIII Profit/(Loss) for the year from continuing operations (VI-VII)		(2,029,406)		14,127,096

Summary of Accounting Policies, other explanatory Information & Notes attached form an integral part of the Statement of Profit & Loss 1 - 17

In Accordance with our Report attached

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

R SATYANARAYANA MURTHI
Partner - M.No. 024248

Place : Bangalore
Date : 11th May 2016

For and on behalf of Board of Directors

Mohib N. Khericha

Mohib N Khericha
Director

T Hosoya
T Hosoya
Managing Director

Nikhil Kumar
Nikhil Kumar
Director

BK RAMADHYANI & CO. LLP
CHARTERED ACCOUNTANTS
No. 66, 4-B, Chakraur Bhavan,
8th Main, 11th Cross, Malleswaram,
BANGALORE - 560 065.

TD POWER SYSTEMS JAPAN LIMITED

CASH FLOW STATEMENT

	Current Year - In Rs.		Previous Year - In Rs.	
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax and extraordinary items		(1,922,648)		21,437,577
Interest Income	(104,456)		(13,461)	
Interest Payments	560,899		431,464	
		456,443		418,003
Operating profit before Working Capital Changes		(1,466,204)		21,855,579
Adjustments for				
Trade Receivables	(1,365,846)		36,640,561	
Other Receivables	26,304,203		77,201,272	
Inventories	(77,960,975)			
Trade Payables	(32,241,627)	(85,264,245)	19,759,623	133,601,456
Cash generated from Operations		(86,730,449)		155,457,036
Direct Taxes Paid	2,642,940	2,642,940	16,024,289	16,024,289
Net Cash Flow from Operating Activities		(89,373,390)		139,432,747
B Cash flow from Investing Activities				
Interest Received	104,456		13,461	
Net Cash used in investing activities		104,456		13,461
C Cash flow from financing activities				
Proceeds from issuance of Share Capital	-		-	
Loan repaid / from Parent Company	(17,526,000)		17,526,000	
Temporary Borrowing	-		(31,919,400)	
Interest Paid	(560,899)		(431,464)	
Net Cash flow from financing activities		(18,086,899)		(14,824,864)
Net increase/decrease in cash and cash equivalents		(107,355,833)		124,621,344
Cash and cash equivalents at the beginning		143,554,364		23,627,241
Add : Non-Cash Equivalents		6,212,449		(4,694,221)
Cash and cash equivalents at close		42,410,981		143,554,364
Actual Closing Cash Balance		42,410,981		143,554,364

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

In Accordance with our Report attached

For and on behalf of Board of Directors

For B.K. RAMADHYANI & CO LLP,
Chartered Accountants
Firm Registration No. 0028785/S200021

R SATYANARAYANA MURTHI
Partner - M.No. 024248

Place : Bangalore
Date : 11th May 2016

Mohib N. Khericha

Mohib N Khericha
Director

T Hosoya
T Hosoya
Managing Director

Nikhil Kumar
Nikhil Kumar
Director

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TD POWER SYSTEMS JAPAN LIMITED
SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARH 31, 2016

1 Significant Accounting Policies.

1.1 Basis of preparation of financial statements:

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

1.2 Revenue Recognition:

- (a) Sales are recorded based on significant risks and rewards of ownership being transferred in favour of the customer. Sales include goods dispatched to customers by partial shipment.
- (b) Income from erection and project management services is recognized on work done.
- (c) Income from engineering services rendered is recognized at realizable value based on percentage of work completed.
- (d) Liquidated damages in terms of the contract is recognised on crystalization.

1.3 Fixed Assets:

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

1.4 Inventories:

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

1.5 Depreciation:

Depreciation on tangible assets is provided with reference to the estimated useful life of the fixed assets less its residual value as prescribed under Schedule II of The Companies Act 2013, or actual useful life of the asset, whichever is lower. Fixed assets costing below Rs. 5,000/- are depreciated fully. Depreciation is charged for complete quarter on addition / deletion.

1.6 Foreign currency transactions:

- a). Foreign currency transactions are translated into Indian rupees at the exchange rate prevailing on the date of the transaction.
- b). Monetary foreign currency assets and liabilities outstanding at the end of the year are restated at the exchange rates prevailing on the reporting date. All exchange differences are accounted for in the profit and loss account.
- c). Non monetary items denominated in foreign currency, are valued at the exchange rate prevailing on the date of transaction.
- d). In respect of overseas branches, which are integral foreign operations, financial statements are translated as if the transactions are those of the Company itself.

1.7 Borrowing Cost:

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

1.8 Contingent Liabilities:

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

1.9 Impairment of assets:

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

1.10 Accounting for lease:

i. Operating Lease:

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

ii. Finance Lease and Hire purchase transactions:

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

1.11 RELATED PARTY TRANSACTIONS

Sl. No.	Nature of transactions	Holding	Enterprises over which key management personnel and their relatives are able to exercise significant influence
1	Proceeds for issue of Shares	-	
2	Purchase of Generators and services	5,459,885 (253,749,340)	
3	Sales to	-	
4	Amount payable to TDPS India	(1,805,155) 772,200 (21,966,016)	
5	Inter-Corporate Loan from	-	
6	Interest on Inter-Corporate Loan charged by	(17,526,000) 560,899 (431,464)	

1.12 The company does not have any pending litigations which would impact its financial position as on the reporting date.

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

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



TD POWER SYSTEMS JAPAN LIMITED
NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

2 SHARE CAPITAL

Particulars	As at 31.03.2016		As at 31.03.2015	
	Number-JPY	JPY	Number-JPY	JPY
Authorized:				
Equity shares of JPY 10,000 each	8,000	<u>80,000,000</u> <u>80,000,000</u>	8,000	<u>80,000,000</u> <u>80,000,000</u>
Issued, subscribed and fully paid up:				
<i>Equity shares of JPY 10,000 each</i>	Number-JPY	Rs in	Number-JPY	Rs in
At the beginning of the period / year	2,000	12,244,000	2,000	12,244,000
Issued during the period / year	-	-	-	-
At the close of the period / year		<u>12,244,000</u>		<u>12,244,000</u>
Total		<u>12,244,000</u>		<u>12,244,000</u>

Particulars of equity share holders holding more than 5% of the total paid up equity share capital:	As at 31.03.2016		As at 31.03.2015	
	Percentage	No of shares	Percentage	No of shares
a TD Power Systems Limited (Holding Company)	100%	2,000	100%	2,000



TD POWER SYSTEMS JAPAN LIMITED
NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

3 RESERVES AND SURPLUS:

Particulars	As at 31.03.2016	As at 31.03.2015
	Rs	Rs
Foreign Currency Translation Reserves		
As at the beginning of the period / year	(4,586,346)	107,875
Add:		
During the period	6,212,449	(4,694,221)
As at the end of the period / year	<u>1,626,103</u>	<u>(4,586,346)</u>
Surplus i.e. balance in Statement of Profit & Loss		
As at the beginning of the period / year	24,652,312	10,525,216
Add:		
Transferred from Statement of Profit and Loss	(2,029,406)	14,127,096
As at the end of the period / year	<u>22,622,906</u>	<u>24,652,312</u>
Total	<u>24,249,009</u>	<u>20,065,965</u>



TD POWER SYSTEMS JAPAN LIMITED
NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

Particulars	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
4 LONG TERM BORROWINGS		
a) Loan from Holding Company	-	17,526,000
	-	17,526,000



TD POWER SYSTEMS JAPAN LIMITED
NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

Particulars	As at 31.03.2016	As at 31.03.2015
	Rs.	Rs.
5 TRADE PAYABLES		
a) To Micro, Small and Medium Enterprises	-	-
b) Others	1,128,772	33,370,398
	1,128,772	33,370,398
6 OTHER CURRENT LIABILITIES:		
a) Outstanding Liabilities	2,358,647	969,551
b) Trade advance received from customers	86,719,919	289,136,513
c) Payable from Holding co	-	-
	89,078,566	290,106,064
7 SHORT TERM PROVISIONS:		
a) Provision for taxation	53,379	2,589,561
	53,379	2,589,561



TD POWER SYSTEMS JAPAN LIMITED
NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

Particulars	As at 31.03.2016	As at 31.03.2015
	Rs.	Rs.
8 INVENTORIES:		
a) Stock in trade	77,960,975	-
	77,960,975	
9 TRADE RECEIVABLES:		
a) Trade receivables exceeding six months	-	-
b) others	2,467,296	1,101,450
	2,467,296	1,101,450
10 CASH AND BANK BALANCES:		
a) Balances with banks	42,410,981	143,554,364
	42,410,981	143,554,364
11 SHORT TERM LOANS AND ADVANCES:		
a) Trade Advance	-	218,021,783
b) Others	3,914,474	13,224,391
	3,914,474	231,246,174



TD POWER SYSTEMS JAPAN LIMITED
NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

Particulars	Current Year	Previous Year
	Rs.	Rs.
12 REVENUE FROM OPERATIONS:		
a) Sale of Goods - Power Business	287,050,973	504,055,330
	<u>287,050,973</u>	<u>504,055,330</u>
13 OTHER INCOME:		
a) Interest income - long term investments		
i) Interest income on Bank Deposits	104,456	13,461
b) Other non operating income (net of expenses directly attributable to such income)	-	12,982,191
	<u>104,456</u>	<u>12,995,652</u>
14 PURCHASE FOR PROJECTS BUSINESS		
a) Purchases for Projects Business	275,834,294	431,456,049
15 EMPLOYEE BENEFIT EXPENSES:		
a) Salaries and wages	10,134,851	28,205,602
b) Remuneration to whole time directors including contributions	-	9,433,434
c) Staff welfare expenses	1,025,371	889,398
	<u>11,160,221</u>	<u>38,528,434</u>
16 FINANCE COSTS:		
a) Exchange loss	-	-
a) Other borrowing costs	560,899	431,464
	<u>560,899</u>	<u>431,464</u>
17 OTHER EXPENSES:		
a) Rent	-	2,933,963
b) Insurance	-	143,048
c) Rates and taxes	13,033	62,548
d) Selling expenses	-	414,587
e) Legal and professional charges	8,382	
f) Travelling and Conveyance	103,764	14,770,137
g) Bank Charges	825,610	3,304,977
n) Foreign Exchange Fluctuation	566,007	
h) Postage, Telegrams and Telephones	-	1,754,249
i) Printing & Stationary	-	1,498,650
j) Subscription to Technical Associations, Journals & Magazines	-	185,378
k) Miscellaneous Expenses	5,867	129,921
	<u>1,522,663</u>	<u>25,197,458</u>

