

TD Power Systems Japan KK

Annual Report - 2015

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

T. Hosoya

Nandita Lakshmanan

**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, 2015, 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.

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, 2015, and its profits and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements:

1. This report does not contain a statement of the matter specified in paragraphs 3 and 4 of the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-Section (11) of Section 143 of the Act, since, in our opinion and according to the information and explanations given to us, the said Order is not applicable to the Company.
2. As required by the Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid 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 as on March 31, 2015 taken on the record by the Board of Directors, none of the directors is disqualified as on that date from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to other matters to be included in the Auditors Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us,
 - i. The Company does not have any pending litigations which would impact its financial position; - Refer Note 1.12 to Summary of Accounting Policies and Other Explanatory Information



- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses. - Refer Note 1.13 to Summary of Accounting Policies and Other Explanatory Information.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company. - Refer Note 1.14 to Summary of Accounting Policies and Other Explanatory Information.

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


(R.SATYANARAYANA MURTHI)
Partner
Membership No. 024248

B.K.RAMADHYANI & CO LLP
Chartered Accountants

4B, Chitrapur Bhavan,
8th Main, 15th Cross,
Malleswaram
Bangalore-560 055
Date: May 20, 2015

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

TD POWER SYSTEMS JAPAN LIMITED
BALANCE SHEET AS AT MARCH 31, 2015

Particulars	As at 31.03.2015		As at 31.03.2014	
	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	20,065,965	10,633,091	
		32,309,965		22,877,091
(2) Non - current liabilities				
(a) Long term borrowings	4	17,526,000	-	
		17,526,000		
(3) Current Liabilities				
(a) Short term borrowings	5	-	31,919,400	
(b) Trade payables	6	33,370,398	13,610,776	
(c) Other current liabilities	7	290,106,064	62,200,113	
(d) Short term provisions	8	2,589,561	11,303,369	
		326,066,023	119,033,658	
TOTAL		<u>375,901,988</u>	<u>141,910,749</u>	
II. ASSETS				
(1) Current Assets				
(a) Trade receivables	9	1,101,450	37,742,011	
(b) Cash and Bank Balance	10	143,554,364	23,627,241	
(c) Short term loans and advances	11	231,246,174	80,541,497	
		375,901,988	141,910,749	
TOTAL		<u>375,901,988</u>	<u>141,910,749</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 and on behalf of Board of Directors

For B.K. RAMADHYANI & CO LLP,
Chartered Accountants
Firm Registration No. 0028785/S/200021

Mohib N Khericha
Director

Mohib N. Khericha

R SATYANARAYANA MURTHI
Partner - M.No. 024248

T Hosoya
Director

T Hosoya

Place : Bangalore
Date : 20th May 2015

Nikhil Kumar
Director

Nikhil Kumar

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

TD POWER SYSTEMS JAPAN LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

Particulars	Current Year		Previous Year	
	Rs.	Rs.	Rs.	Rs.
I. Revenue from Operations	12	504,055,330		155,144,425
II Other Income	13	12,995,652		1,217,222
III Total revenue (I + II)		<u>517,050,982</u>		<u>156,361,648</u>
IV Expenses				
Cost of materials consumed		-		-
Purchases for Project Business	14	<u>431,456,049</u>	104,466,169	104,466,169
Employee benefits expense	15	38,528,434		17,857,570
Finance costs	16	431,464		-
Other expenses	17	25,197,458		11,864,877
Total Expenses		<u>495,613,405</u>		<u>134,188,616</u>
V Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)		21,437,577		22,173,032
VI Profit before tax		21,437,577		22,173,032
VII Tax expense:				
(1) Current tax		<u>7,310,481</u>	11,303,369	11,303,369
VIII Profit/(Loss) for the period from continuing operations (VI-VII)		14,127,096		10,869,663

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 and on behalf of Board of Directors

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

Mohib N Khericha
Director

Mohib N. Khericha

R SATYANARAYANA MURTHI
Partner - M.No. 024248

T Hosoya
Director

T Hosoya

Place : Bangalore
Date : 20th May 2015

Nikhil Kumar
Director

Nikhil Kumar

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

TD POWER SYSTEMS JAPAN LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015

	Current Year - In Rs.	Previous Year - In Rs.
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	21,437,577	22,173,032
Interest Income	(13,461)	
Interest Payments	431,464	
	418,003	
Operating profit before Working Capital Changes	21,855,579	22,173,032
Adjustments for		
Trade Receivables	36,640,561	(37,742,011)
Other Receivables	77,201,272	(18,685,830)
Trade Payables	19,759,623	13,610,776
	133,601,456	(42,817,065)
Cash generated from Operations	155,457,036	(20,644,033)
Direct Taxes Paid	16,024,289	
	16,024,289	
Net Cash Flow from Operating Activities	139,432,747	(20,644,033)
B Cash flow from Investing Activities		
Interest Received	13,461	
Net Cash used in Investing activities	13,461	
C Cash flow from financing activities		
Proceeds from Issuance of Share Capital		12,244,000
Loan from Parent Company	17,526,000	
Temporary Borrowing	(31,919,400)	31,919,400
Interest Paid	(431,464)	
Net Cash flow from financing activities	(14,824,864)	44,163,400
Net increase/decrease in cash and cash equivalents	124,621,344	23,519,366
Cash and cash equivalents at the beginning	23,627,241	
Add : Non-Cash Equivalents	(4,694,221)	107,875
Cash and cash equivalents at close	143,554,364	23,627,241
Actual Closing Cash Balance	143,554,364	23,627,241

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 : 20th May 2015

Mohib N Khericha
Director

T Hosoya
Director

Nikhil Kumar
Director

(Signature)

(Signature)

(Signature)

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

TD POWER SYSTEMS JAPAN LIMITED
SUMMARY OF ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2015

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 recognized on crystallization.

1.3 Fixed Assets:

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

1.4 Inventories:

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

1.5 Depreciation:

Consequent to the enactment of the Companies Act 2013 (the Act) and its applicability for Accounting period commencing after 1 April 2014, the Company has re-worked Depreciation with reference to the estimated useful lives of the fixed assets prescribed by Schedule II to the Act or actual useful life of Asset, whichever is lower. In case of any Asset whose life has completed as above, the carrying value, as at 01st April 2014 has been adjusted to the Retained Earnings (no assets during reporting period) and in other cases the carrying value has been depreciated over the remaining of the revised life of the Assets and recognised in the statement of Profit and Loss.

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 relating 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 recognized 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.

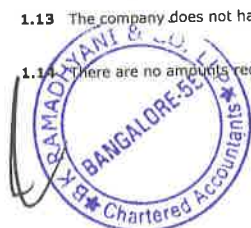
1.11 RELATED PARTY TRANSACTIONS

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	(1,22,40,000)	
2	Purchase of Generators and services	25,37,49,340	
3	Amount payable to TDPS India	(8,69,38,487)	
		2,19,66,016	
4	Inter-Corporate Loan from	(3,26,40,908)	
		1,75,26,000	
		-	

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 2015

2 SHARE CAPITAL

Particulars	As at 31.03.2015		As at 31.03.2014	
	Number-JPY	JPY	Number-JPY	JPY
Authorized:				
Equity shares of JPY 10,000 each	8,000	<u>80,000,000</u>	8,000	<u>80,000,000</u>
		<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		<u>12,244,000</u>		<u>12,244,000</u>
At the close of the period / year		<u>12,244,000</u>		<u>12,244,000</u>
Total		12,244,000		12,244,000



TD POWER SYSTEMS JAPAN LIMITED
NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015

3 RESERVES AND SURPLUS:

Particulars	As at 31.03.2015 Rs	As at 31.03.2014 Rs
Foreign Currency Translation Reserves		
As at the beginning of the period / year	107,875	
Add:		
During the period	(4,694,221)	107,875
As at the end of the period / year	<u>(4,586,346)</u>	<u>107,875</u>
Surplus i.e. balance in Statement of Profit & Loss		
As at the beginning of the period / year	10,525,216	10,525,216
Add:		
Transferred from Statement of Profit and Loss	14,127,096	
As at the end of the period / year	<u>24,652,312</u>	<u>10,525,216</u>
Total	<u>20,065,965</u>	<u>10,633,091</u>



TD POWER SYSTEMS JAPAN LIMITED
NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015

Particulars	As at 31.03.2015 Rs.	As at 31.03.2014 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 2015

5 SHORT TERM BORROWINGS

Particulars	As at 31.03.2015 Rs.	As at 31.03.2014 Rs.
1) Secured Loans:		
Loans repayable on demand - from Banks	-	31,919,400
	-	31,919,400



TD POWER SYSTEMS JAPAN LIMITED
NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015

Particulars	As at 31.03.2015 Rs.	As at 31.03.2014 Rs.
6 TRADE PAYABLES		
a) To Micro, Small and Medium Enterprises	33,370,398	13,610,776
b) Others	33,370,398	13,610,776
7 OTHER CURRENT LIABILITIES:		
a) Outstanding Liabilities	969,551	2,128,720
b) Trade advance received from customers	289,136,513	60,071,393
c) Payable from Holding co	290,106,064	62,200,113
8 SHORT TERM PROVISIONS:		
a) Provision for taxation	2,589,561	11,303,369
	2,589,561	11,303,369



TD POWER SYSTEMS JAPAN LIMITED
NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015

Particulars	As at 31.03.2015	As at 31.03.2014
	Rs.	Rs.
9 TRADE RECEIVABLES:		
a) Trade receivables exceeding six months	-	-
b) others	1,101,450	37,742,011
	<u>1,101,450</u>	<u>37,742,011</u>
10 CASH AND BANK BALANCES:		
a) Balances with banks	143,554,364	23,627,241
	<u>143,554,364</u>	<u>23,627,241</u>
11 SHORT TERM LOANS AND ADVANCES:		
a) Rent Deposit	-	23,611
b) Prepaid Expenses	-	79,091,641
c) Trade Advance	218,021,783	1,426,245
d) Others	13,224,391	-
	<u>231,246,174</u>	<u>80,541,497</u>



TD POWER SYSTEMS JAPAN LIMITED
NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015

Particulars	Current Year	Previous Year
	Rs.	Rs.
12 REVENUE FROM OPERATIONS:		
a) Sale of Goods - Power Business	504,055,330	155,144,425
	504,055,330	155,144,425
13 OTHER INCOME:		
a) Interest Income - long term investments	13,461	-
i) Interest Income on Bank Deposits	12,982,191	1,217,222
b) Other non operating income (net of expenses directly attributable to such income)	12,995,652	1,217,222
	12,995,652	1,217,222
14 PURCHASE FOR PROJECTS BUSINESS		
a) Purchases for Projects Business	431,456,049	104,466,169
15 EMPLOYEE BENEFIT EXPENSES:		
a) Salaries and wages	28,205,602	11,466,613
b) Remuneration to whole time directors including contributions	9,433,434	5,611,922
c) Staff welfare expenses	889,398	779,035
	38,528,434	17,857,570
16 FINANCE COSTS:		
a) Other borrowing costs	431,464	-
	431,464	-
17 OTHER EXPENSES:		
a) Rent	2,933,963	925,957
b) Repairs and maintenance - Others	-	945,350
d) Insurance	143,048	-
c) Rates and taxes - as auditor	62,548	112,777
	-	57,500
d) Selling expenses	414,587	-
e) Travelling and Conveyance	14,770,137	4,567,061
f) Bank Charges	3,304,977	3,386,750
g) Postage, Telegrams and Telephones	1,754,249	519,522
h) Printing & Stationary	1,498,650	1,240,137
i) Subscription to Technical Associations, Journals & Magazines	185,378	59,251
j) Miscellaneous Expenses	129,921	50,571
	25,197,458	11,864,877

