



2016-17  
Annual Report

# LOOKING BEYOND TOMORROW



# TRIVENI TURBINES IS ONE OF THE LARGEST MANUFACTURERS OF INDUSTRIAL STEAM TURBINE GLOBALLY.

The Company designs and manufactures steam turbines up to 100 MW, and delivers robust, reliable and efficient end-to-end solutions. The larger end of the range - above 30 MW to 100 MW, is addressed through GE Triveni Ltd. (GETL), a majority held globally exclusive Joint Venture with General Electric.

Triveni Turbine Ltd. (TTL) manufactures steam turbines at its world-class manufacturing facilities in Bengaluru, India and assists its customers with their aftermarket requirement through its network of foreign subsidiaries and international servicing offices. With installations of over 3000 steam turbines across 18 industries, Triveni Turbines is present in over 70 countries around the world.



To download this report or browse through our online report, please log on to [www.triveniturbines.com](http://www.triveniturbines.com)

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### **Forward-looking statement**

This report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations of projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures and financial results, are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events. The Company has sourced the industry information from the publicly available resources and has not verified those information independently.



For TTL, progress extends across geographies and beyond timelines, to build strong foundation for tomorrow's growth.

Leveraging its entry into new geographies and sectors, the Company is constantly pursuing futuristic prospects of growth to drive value for all its stakeholders.

TTL's clearly defined strategic roadmap, encompassing an ever-evolving product portfolio customised to sectoral needs and an expanding service proposition catering to diverse requirements, steers its progressive journey in the global markets.

Aligning itself to the changing global market dynamics, the Company remains focused on innovating and benchmarking to international standards of quality and efficiency.

Rooted in a customer-centric growth philosophy, the Company is continuously expanding its global spread for product and aftermarket to grow its order pipeline across existing and new markets.

TRIVENI TURBINES  
BELIEVES IN  
LOOKING BEYOND  
TOMORROW,  
TOWARDS  
GROWTH THAT IS  
SUSTAINABLE.

# BUILDING TOMORROW ON TODAY'S FOUNDATION

The Company's future-centric agenda enables it to see opportunities beyond tomorrow, creating a robust platform for future growth.

A look at the foundational strengths on which the Company is carving its future growth strategy:



**>3000**

No. of steam turbines installed globally



**>12 GW**

Power generation capacity created



# INNOVATING FOR TOMORROW'S NEEDS

Innovation is embedded in the Company's DNA which gives it the ability to look beyond tomorrow to address the future needs of its global customers.

The Company's Design & Development Programme is focused on product innovation and technology innovation for developing solutions across its product and service portfolio. TTL has been supported by an organisational structure that is agile to respond to rapidly emerging trends. The Company has been at the forefront of delivering competitive solutions to its customers by maximising product output and performance and lowering life cycle costs thus achieving total customer satisfaction.

From innovating new models and variants of products, to pioneering breakthrough technological innovations, the Company's state-of-the-art R&D Centre is manned with domain experts in steam turbine technology, fluid dynamics, metallurgy and structural designs as well as in other related fields.



## Creating intellectual property beyond tomorrow

Cognizant of the importance of safeguarding its technological know-how, the Company has in place a well-planned Intellectual Property Rights strategy that enables it to secure its future interests. In line with this strategy, the Company files patent applications and design registrations every year in India as well as in other major international geographies. The Company's portfolio of IPR is building up with a total of 201 IPRs filed till March 2017 across large number of geographies. TTL has been awarded National IP Award for Top Organisation for Design in 2016.





Maximising efficiency & reliability by upgrading steam turbine designs for higher inlet temperature & pressure

**Superior designs**



Enhancing performance by deploying latest design tools and software like Turbo-machinery CFD tools, FEA tools, CAD modelling, lateral & torsional rotor dynamics software

**Leading edge technology**



Delivering more to the customer - help them to achieve unhindered performance and power self-sufficiency at optimal cost

**Total customer satisfaction**

**Cost efficiencies**



Retrofit and refurbishment of older generation turbines to extend life and make them more cost-efficient

**Holistic R&D model**



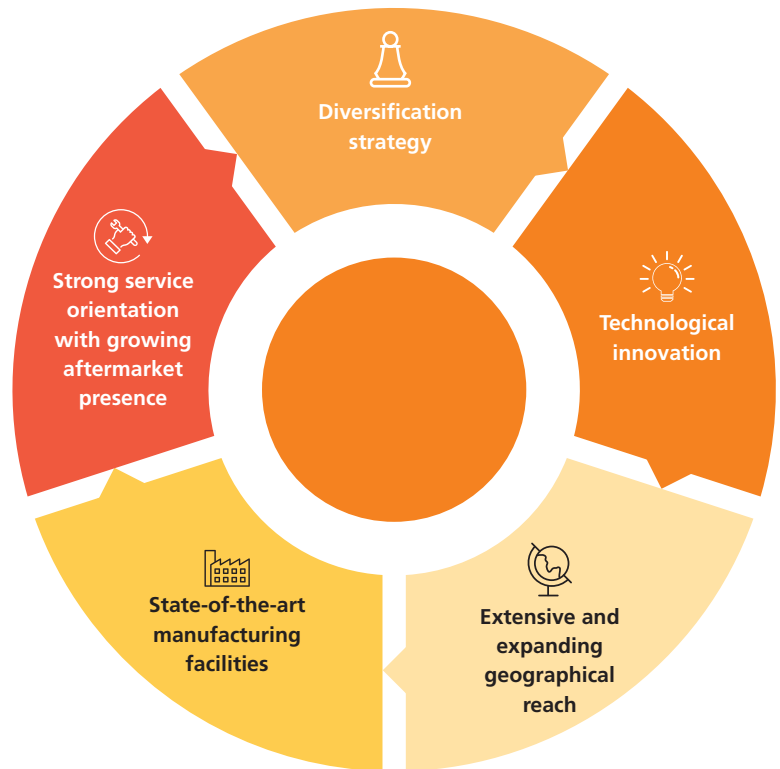
# MOVING FORWARD STRATEGICALLY

From an expanding product portfolio to a growing reach of aftermarket services, the strategic focus of the Company has always been forward-looking. Diversification is the major driver of its growth that encompasses not just its product and service portfolio but also spans its geographical footprint and sectoral presence.

With a deeper market penetration steering its growth, the Company is continuously expanding its reach into new regions not just to strengthen its base in Europe and South East Asia but also to tap new markets in Africa, the Middle East and Latin America. Territorial diversification protects the Company against regional volatility in demand, pricing and also enables it to concentrate on high-growth and better-margin areas.







The sector diversification strategy got a huge fillip during the year as the Company forayed into the Oil & Gas segment with a major order in the API Drive segment from the Middle East, creating a new market for its growth.

# LOOKING BEYOND IN INTERNATIONAL MARKETS

With 10 service centres in India and four international offices, the Company has created a robust global platform for its business growth.

Apart from strengthening its position in the existing regions of its global presence, the Company has a strong enquiry pipeline of ~5 GW which is expected to provide sustainable orders for growth.

High-margin Aftermarket business vertical is central to the Company's growth strategy in the international markets. The establishment of service centres in Europe, the Middle East, Southeast Asia and SADC region is aimed at leveraging these opportunities more effectively.







Over **70**

Countries of presence



**52%**

Consolidated Export sales



**~5** GW

International enquiry pipeline



Over **130**

Countries with enquiries



First Turbine Order from Australia for the Sugar Industry



Entry into Injection Steam Turbines for Cement Industry



# LOOKING AHEAD IN DOMESTIC MARKET

At TTL, tomorrow's needs are today's vision. Despite the domestic market being flat, the Company continued to make the most of the existing potential while preparing itself to take on the new opportunities of growth once the market revives, particularly in view of the positivity being witnessed in the economic activities.

The total enquiries in the domestic market stand at over 1600 MW, as of March 31, 2017. While 36% of these enquiries are from process co-generation, 33% from sugar co-generation, the rest have come from metals and IPP. The fact that these enquiries are evenly spread across the country raises strong hopes for revival of growth in the domestic market in the coming years, and beyond.



**~60%**

Consistent share in the Indian market







### Manufacturing Capabilities designed for tomorrow

The Company's state-of-the-art manufacturing facilities are well equipped to manufacture critical components, besides assembly, testing and refurbishing services.

Operationalisation of the Company's new facility was a major step in this direction, with the first GETL Turbine for International market coming out from the plant during the year. Manufacturing of turbines for both TTL and GE Triveni is going on full steam at the new facility, located at Sompura in Bengaluru, which the Company is looking at using mainly for the production of larger turbines.



### Robust & Reliable Steam Turbines

#### Steam turbines up to 30 MW range

- Condensing Steam Turbines (Straight Condensing, Extraction Condensing, Bleed Condensing, Injection Condensing)
- Back Pressure Steam Turbines (Straight Back Pressure, Extraction Back Pressure, Bleed Back Pressure)

#### Steam turbines from above 30 MW to 100 MW range (GE Triveni products)

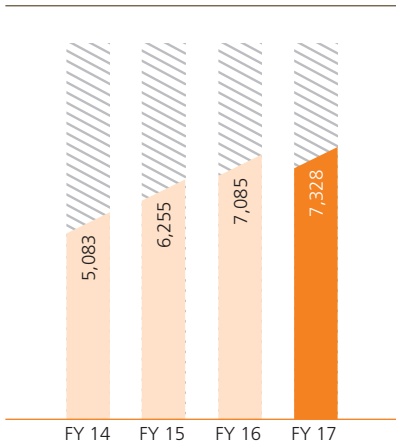
- Condensing Steam Turbines (Uncontrolled Extraction, Controlled Extraction)
- Back Pressure Steam Turbines (Uncontrolled Extraction, Controlled Extraction)



# FINANCIAL HIGHLIGHTS

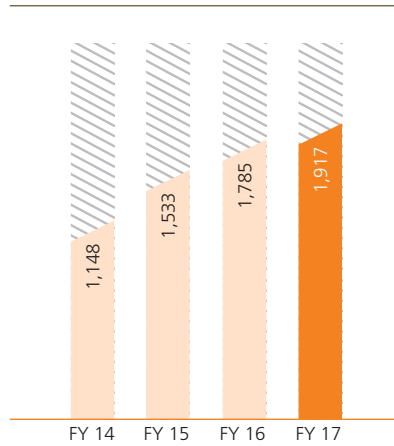
## NET SALES

(₹ in Million)



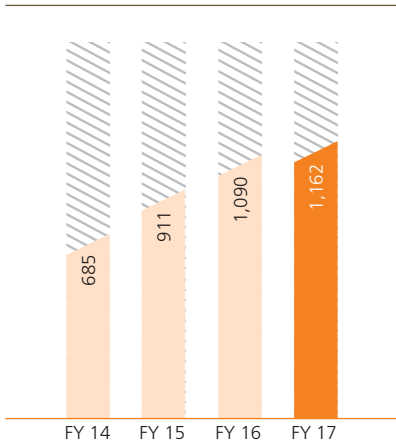
## EBITDA

(₹ in Million)



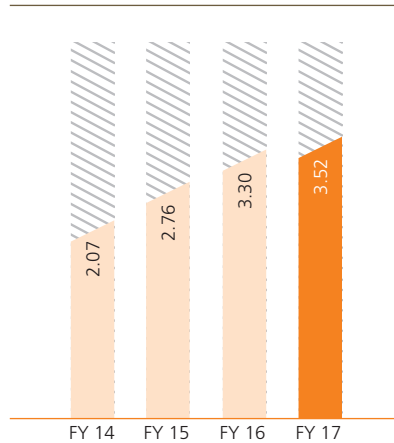
## PAT

(₹ in Million)



## EARNINGS PER SHARE

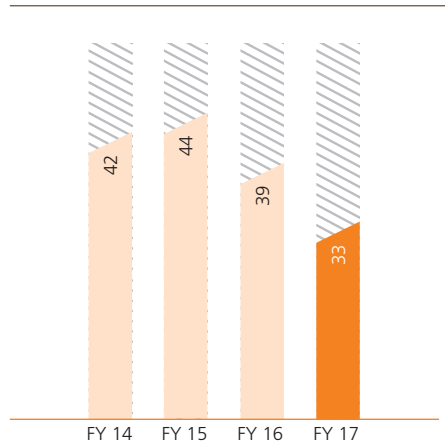
(₹)



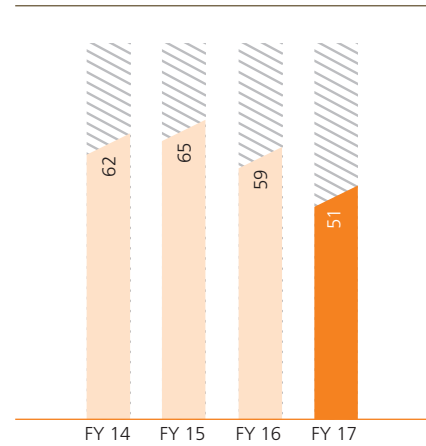
Figures for FY 16 and FY 17 are based on Ind AS financial statements



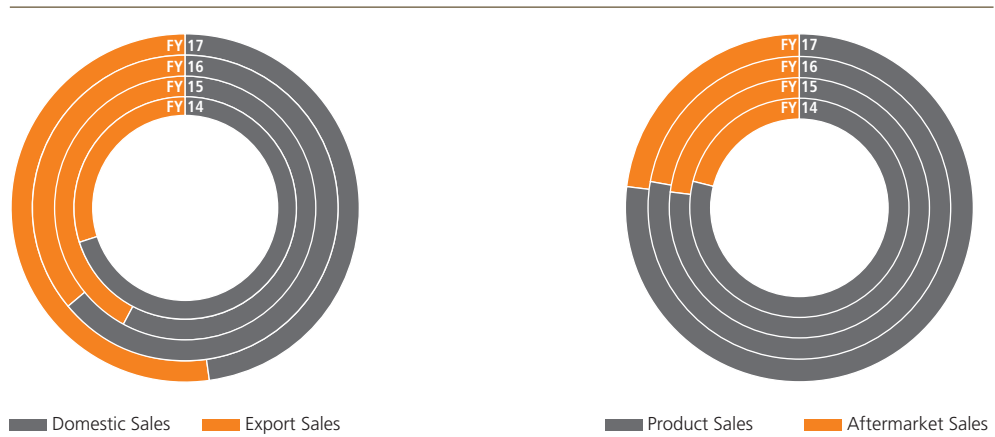
**ROE**  
(in %)



**ROCE**  
(in %)



**SHARE IN NET SALES**  
(%)



# MESSAGE FROM THE CHAIRMAN



## Dear Shareholders,

From scaling business to scaling progress, TTL has indeed come a long way in its growth trajectory. Armed with a strong core of excellence and expertise, and led by a visionary focus on the future which looks beyond tomorrow to see new frontiers of growth, the Company has created several notable benchmarks of excellence in performance.

It is a performance that maps both qualitative and quantitative achievements. On the quantitative front, FY 17 turned out to be a year of sustained growth amid an uncertain global environment and slow growth in the domestic market scenario. Uncertainty over Brexit delayed finalisation of several orders in the United Kingdom and Europe. Geo-political and macro-economic slowdown affected many economies across the globe. While the enquiry generation during the year under review has been good, the order finalisation has not gained momentum due to the slow pace in economic activity.

Despite these adverse factors, I am happy to state that the Company continued to report encouraging performance, across its business segments, with the product export sales and the aftermarket business once again steering its growth.

This positive performance has been due to the commitment, relentless efforts and teamwork of our invaluable human resources which resulted in several

“With innovation at the heart of its business philosophy, TTL continues to drive exceptional value creation for its customers across its product and service portfolios, while sharpening its own competitive edge to emerge as an industry leader within and outside India”

milestone achievements, including the operationalisation of our new greenfield facility in Bengaluru and the successful roll-out of the first turbine from the same.

Also from the quantitative perspective, FY 17 saw the Company add new geographies and new sectors of growth to its portfolio in line with its diversified business approach. With a geographical footprint now spanning over 70 countries, and the new segment of Oil & Gas also becoming a part of its sales reach, I am confident that TTL stands poised to take its business to new heights going forward. The Company's strategically located global offices, have emerged as the platform for leveraging tomorrow's opportunities.

These developments endorse the success of the Company's future-oriented business approach, which inspires it to invest continuously in the development of products designed to match tomorrow's needs. With innovation at the heart of its business philosophy, TTL continues to drive exceptional value creation for its customers across its product and service portfolios, while sharpening its own competitive edge to emerge as an industry leader within and outside India. The Company aims to facilitate higher performance efficiencies at competitive price for the customers, who see in TTL a reliable one-stop solution to meet all their steam turbine needs.

This reliability and trust of the customers will play a major role in creating the necessary enabling environment for the Company to nurture its inherent strengths as it gets ready to meet the evolving needs of tomorrow's customers.

Going forward, I believe that further opportunities will emerge in a variety of business segments of our core strengths. And I also firmly believe that TTL, with its growing focus on Design & Development programme across diverse product and service offerings will be in a position to harness those opportunities for business growth.

Further, with its highly committed and structured Corporate Social Responsibility (CSR) programme, the Company will continue to create new benchmarks in social service excellence to drive holistic value not only to its stakeholders but to the community at large.

On this positive note, let me thank, on behalf of the Board members, all our stakeholders who continue to repose their trust in the Company's ability to deliver growth and value not just for today, but for tomorrow as well.

With best regards,



**Dhruv M. Sawhney**  
Chairman & Managing Director



# Q&A WITH THE VICE CHAIRMAN & MANAGING DIRECTOR



**Nikhil Sawhney**  
Vice Chairman & MD

**Q How would you rate the Company's performance for the year under review?**

**A** We are happy with the current year's performance, especially considering the muted domestic market for steam turbines under 30 MW size, and also the geo-political uncertainties in many of our global markets, particularly in Europe. In the Indian market, the demonetisation also hit the business to some extent. Yet, we have continued to receive orders from our key segments, namely Sugar Co-generation, Process Co-generation and Metals. We have, in fact, closed the year with a strong carry-forward order book and a healthy pipeline of enquiries. The exports market also witnessed a slowdown, though the order booking in the renewable segment and Oil & Gas segment has provided a boost to the business. Also, with the aftermarket sales, which continue to show an

upward trend, and through our focused diversification across segments and geographies, we have managed to moderate ourselves from the external turbulence. Our foray into the Oil & Gas segment in the Middle East has opened new avenue for future growth. In terms of financial numbers on a consolidated basis, we have reported net income from operations at ₹ 7.45 billion – a growth of 4%, with PAT at ₹ 1.24 billion, marking a growth of 9% with a strong margin of 17%. We have ended the year with a strong order book of ₹ 6.32 billion and an extremely robust global enquiry pipeline of 6.6 GW which we expect to translate into concrete orders over the next few months and quarters.

**Q Can you list out the major strengths that have helped the Company's growth in the past and the key growth drivers for the Company, going forward?**

**A** The innovative thrust of the Company with its customer-centric service orientation is in my opinion, the major propellers of our growth. Our focus on delivering customised solutions has enabled us to remain on the growth track even in an adverse external environment. And this has been possible because of our robust Design & Development programme, which is backed by a committed and empowered team to steer the Company's customer-focused growth plans. Our high-end manufacturing facilities are also a key strength we have developed over the years to enable us to cater seamlessly to our customer needs within and outside India. The focus on maintaining International quality benchmarks for our products and competitive cost which we sustain at our plants, also makes significant contribution in retaining existing customers and securing new ones. Our design capabilities are geared for product diversification, which enables us to address the dynamic industrial power generation market. Other engines of our growth include a robust supply chain management system, cost control, quality, timely delivery, working capital management, and overall consistency and transparency in all our business operations.

**Q Please elaborate on the Company's growth plans for the coming year, with special focus on opportunities in India and other countries, and the Company's preparedness to capitalise on them.**

**A** With economic activity projected to pick up during 2017 and 2018, particularly in the emerging markets and

developing economies, our outlook for the coming financial year is quite optimistic. Even advanced economies are expected to post moderate recovery in the coming year. With our strategic exports plan already in place, we find the opportunity matrix extremely encouraging and shall continue to take our diversification strategy forward, particularly in the international markets, in terms of both geographies and products. Our ability to deliver quality products aligned to client needs positions us ideally to leverage the opportunities that we see ahead. I am confident of more business coming in for the Company from our focus markets, not just in Europe but also the Middle East as well as South Asia, parts of Africa and Latin America, where we are fast expanding our footprint. Our strong carry-forward enquiry pipeline gives us the confidence and we expect order booking to be robust during FY 18, not just in export markets but also some of the sectors that are witnessing revival in the domestic market. Another area of growth is the high-margin Aftermarket business, which continues to boost the Company's business in the regions of its presence.

**Q How would you rate the performance of the subsidiary Company, GE Triveni Limited, and what are the strategies for the same in the coming years?**

**A** Record profit and orders on hand are the key takeaways of the business of GE Triveni during the year under review. The subsidiary has reported several breakthrough achievements during the year, the most notable being a large, over 80 MW, turbine order, that has been secured in collaboration with GE Power. One of the orders came through the competitive market of China, underlining GE Triveni's growing brand reputation. The three international turbines – in the Philippines, Vietnam and Indonesia, which are under various stages of commissioning has been another landmark success for the subsidiary Company.

GETL is also looking at getting some orders in the domestic market, particularly from the sugar and process co-generation segments. With an encouraging enquiry and order pipeline from the international market, the outlook for GE Triveni is extremely positive. During FY 17, the JV has reported sales of ₹ 1.21 billion, with a net profit of ₹ 102 million. The order intake for the Company during the year is at ₹ 1.66 billion.

**Q What would you like to communicate to the shareholders and investors about your outlook for the Company for the next 5 years?**

**A** The potential for scaling up business, particularly in the international markets, is huge. Our concentration on the aftermarket business is likely to give a strong impetus to growth, led by our service centres in Europe, the Middle East, Southeast Asia and SADC region. We also see GE Triveni contributing to our growth. In terms of segmental growth, I see the oil and gas sector, which we forayed into during FY 17, emerging as a potential lever to help us qualify for doing business with all major oil producing countries. This is a market that we hope to harness in a big way in FY 18 and beyond. What makes this segment really attractive is that it is a high margin segment, with limited competition. Going forward, we are confident that the investment climate in the country is set to improve in the coming years which should result in increased capital expenditure. Even currently, we are seeing some good traction in the sugar sector, which could be a source of additional business. The revival of the domestic market is imminent given the focus and various measures being initiated by the Government to inject the stimuli needed to give a fillip to the economy. Given this scenario, I am confident that TTL will continue to enhance its value proposition for its stakeholders, year on year, just as it has been doing in the past.

# MANAGEMENT DISCUSSION AND ANALYSIS

## INDUSTRY OVERVIEW

### Economy

India is now the sixth largest manufacturing country in the world, rising up from the previous ninth position, and thus retaining its edge on the world economic landscape. Post the demonetisation announcement, the pace of remonetisation has picked up, and it is expected that the effects of demonetisation will not spill over into the next financial year. India's economic growth is estimated to slow to 7.1% in FY 17 compared to 7.6% last year.

Year 2016 witnessed the slowest global economic growth since 2009 mainly due to weak international trade and investment. The world economic growth rate was 2.3% in 2016 with emerging and developing economies growing at 3.4%.

### Industry trends

The global energy landscape is changing. Traditional centres of demand are being overtaken by fast growing emerging markets. The energy mix is shifting, driven by technological improvements and environmental concerns. More than ever, industries feel the need to adapt to changing energy requirements. Apart from focusing on increasing operational efficiencies and cost competitiveness, the power companies are finding ways to adhere to their commitment in addressing environmental concerns.

### Indian Power Industry

India's power sector is one of the most diversified in the world. From conventional sources such as coal, lignite, natural gas, oil,







The total installed capacity for power generation in India was 3,26,848 MW as on March 31, 2017, and approximately 57,260 MW of the installed capacity was from renewable energy sources.

hydro and nuclear power to viable non-conventional sources such as wind, solar, agricultural and domestic waste, India is making significant investments in developing the complete gamut of the power sector. Electricity demand in the country has increased rapidly and is expected to rise further in the years to come. In order to meet the increasing demand for electricity in the country, massive addition to the installed generating capacity is planned. The total installed capacity for power generation in India was 3,26,848 MW as on March 31, 2017, and approximately 57,260 MW of the installed capacity was from renewable energy sources.

The Indian Government's focus on attaining 'Power for all' has accelerated capacity addition in the country. Indian power sector is undergoing significant changes that will redefine the industry outlook. Sustained economic growth continues to drive electricity demand in India.

The annual growth rate in renewable energy generation has been estimated to be 34%. The Government has added 8,500 MW of conventional generation capacity during April 2016 - January 2017 period. Under the 12<sup>th</sup> Five Year Plan, the Government has added 93,500 MW of conventional power generation capacity, thereby surpassing its target of 88,500 MW during the period.

Out of India's total installed capacity of 57,260 MW of grid-connected renewable

power, a significant share of 56% comes from wind power, while 8% is contributed by small hydro power. The share of biomass and waste to energy segments contributes about 14%, with the balance 21% coming from solar. The Indian Government's efforts are centered on achieving the ambitious renewable energy targets in the coming years, mainly to accomplish the "Power for all" goal and to promote clean energy. The Ministry of New and Renewable Energy (MNRE) has been framing policies to attract private investment in renewable energy through financial incentives with the aim to make India an investment hub for manufacturing and installation.

### Industry Analysis

The industrial power generation market represents the decentralised and captive power generating industry. The Company's business drivers in domestic as well as the export markets include Industrial Capital Expenditure, Renewable Energy and Opportunistic sale to grid by Captive Power Units.

### Industrial Capital Expenditure

Most of the process industries that require both steam and power for their processes make dual use of their power plants. The steam required is produced in the boiler and is passed through the steam turbine at specific inlet pressure and temperature. This helps in generating power for the operation of the facility. The steam at a desired pressure can be extracted through use of extraction turbines. The steam thus extracted at a particular pressure and

temperature can be used for process requirements. The steam that is still inside the turbine further expands and is used for power production. Thus the requirement of both the steam and power is fulfilled through a single process. Process co-generation industries form a major component of the customer segment for the Company.

There is significant potential of process co-generation in various industries, such as breweries, caustic soda plants, textile mills, distilleries, fertiliser plants, paper and pulp industry, solvent extraction units, rice mills, petrochemical plants, etc. Furthermore, these co-generation projects also use conventional fuels, such as coal, oil, lignite, gas etc., for meeting their power and energy requirements.

### **Renewable Energy**

Biomass-based power generation, waste to energy, waste heat recovery (excess heat converted to power) form a major part of TTL's customer base. The advantages of assured fuel supply, flexibility to switch fuel sources, and financial incentives make this segment a steady source for meeting the growing energy demand. However, this segment could suffer from supply constraints due to environmental factors such as drought or floods.

The current availability of biomass in India is estimated at about 500 million metric tonnes per year. Studies sponsored by the Government of India have estimated surplus biomass availability at about 120-150 million metric tonnes per annum including agricultural and forestry residues corresponding to a potential of about 18,000 MW. In addition, about 7,000 MW power can be generated through bagasse based co-generation in the country's 550+ Sugar mills, if these sugar mills were to extract power from the bagasse produced by them.

According to the estimates, the renewable power target to be achieved by India by the year 2022 is 1,75,000 MW, which includes 1,00,000 MW from solar (57%), 60,000 MW from wind (34%), 10,000 MW from biomass (6%) and 5,000 MW from small hydro power (3%).



According to the estimates, the potential of Biomass based power generation is ~ 25,000 MW in India including Bagasse based co-generation.



According to World Estimates, in 2016, the Global market for Renewable energy is roughly 2,100 GW of which Hydro Power is around 58%, Wind Power is 22%, Solar Power is 14%, Bioenergy is 5% and Geothermal less than 1%.

### **Captive Power Plants**

Captive power is the power produced within the premises of an industry or establishment for self-consumption. It is the only economically feasible solution where reliable grid power



FY 17 total order booking from International market is ₹ 3 billion. During the year, the Company's enquiry book grew by 5% at 5 GW and also expanded its market reach by entering new geographies.

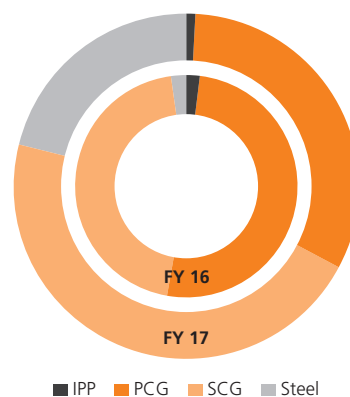
is not available and when cost is the constraint. India has an installed captive power capacity of 47,200 MW as of March 2016. The Government of India allowed the captive power producers to participate in coal auctions last year to address the problem of coal shortages. Though limited fuel shortages still exist in the captive power sector, the situation is expected to improve the long-term growth in the steel and cement industries.

## BUSINESS REVIEW

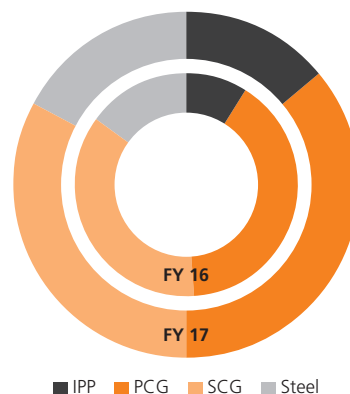
### Domestic Market

The Indian Steam Turbine market for under 30 MW size showed a growth of 7% in FY 17 as compared to FY 16. Demonetisation impacted many end-user segments resulting in deferment of some orders. Though enquiry generation was good, order finalisation did not gain momentum as many enquiries remained in the budgetary stages on account of the slow pace of economic activity. The total domestic order booking for the Company in terms of value stood at ₹ 4.11 billion in FY 17, a growth of 29%.

The segment wise orders booked during the current financial year are:



The segment wise enquiry pipeline is given below:

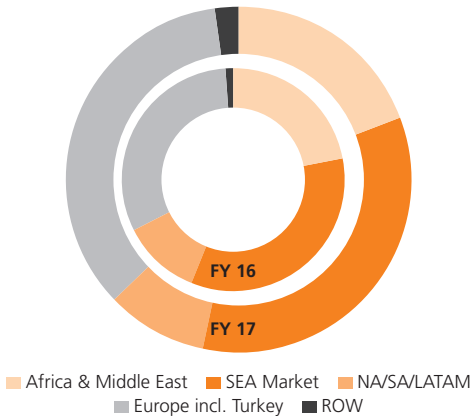


### Exports Market

The export order booking for FY 17 was lower in comparison to FY 16. This was primarily due to geo-political uncertainties in many of TTL's focus markets especially key regions of Europe, Turkey, parts of Africa and parts of Asia witnessed a slowdown in order booking. The total order booking from International market during the year stood at ₹ 3.00 billion. During the year, the Company's enquiry book grew by 5% at 5 GW and also expanded its market reach by entering new geographies.



The region-wise enquiry generation for FY 17 vis a vis FY 16 is as under:



In the exports order book, Sugar co-generation segment contributed 44% of the total order booking, process co-generation industries contributed 38% and the rest was IPP and metals. While the major contributor in South East Asia market is the sugar industry, the orders from the other regions are a mix of segments such as IPP, Steel, and process industries among others. The increased focus and penetration in new markets like Middle East and North Africa, Australia, Vietnam has yielded positive results that are expected to strengthen the Company's growth in the export market. Similarly, the Company's foray into

the Oil & Gas segment in Middle East has been successful with good order booking. The Company, going forward intends to leverage on its presence in this segment in other regions of the global market.

### Aftermarket Services

The Aftermarket team, an integral and vital part of the organisation, is responsible for maintaining a continuous relationship and support the customers throughout the complete lifecycle of the turbine starting from the time of dispatch of turbine. This has now been further strengthened with aggressively pursuing repairs, refurbishing and efficiency improvements of its own turbines and those of other makes.

In order to serve the customer better, the Company has established strategically located service offices across India to cater to the domestic market. In view of major expansion in International market in recent times, it has also opened offices in Europe, West Asia, South East Asia - a move that is expected to bring the Company closer to customers and earn their confidence by providing them with timely and efficient technical support. The philosophy of the Company is to provide 24/7 service for these far away overseas location and accordingly, the necessary infrastructure with mobile service units and trained manpower are positioned at strategic locations. As a collateral benefit, this provides confidence to the customers to entrust not only the Company's products but also the installed fleets





of other makes. This should help in improving business growth especially in the refurbishment segment.

During FY 17, the Company completed few critical export projects successfully and these will act as reference for further business.

The Company has entered in the Internet of Things (IoT) and digital space with a concrete plan for remote monitoring of its products across the globe. This will give the Company instant access to its products, and help monitor their performance and live support to customers wherever and whenever required.

Despite stiff competition, the growth rate of order booking in FY 17 is 8% and sales growth stood at 13%. The Company is confident that in coming years, the aftermarket segment will provide a major boost to its overall growth. The Company's foray into the export market for the aftermarket business has also started gaining momentum with exports



4 Advanced reaction technology based turbines developed for European applications.

contributing 40% of the order booking and 35% revenues for FY 17 respectively.

### MANUFACTURING FACILITY

The Company has an existing 11 acre eco-friendly manufacturing facility located at Peenya, Bengaluru with state-of-the-art machinery and best in class manufacturing processes. The facility has capacity to produce around 150 turbines annually.

During the year, the Company successfully commissioned the second production facility at Sompura Industrial Area near Bengaluru with an area almost double of the current facility. Phase 1 of the new facility has been completed within the scheduled time and production has started successfully. The campus is green, eco-friendly, energy efficient and equipped with best in class production facility built to modern aesthetic design.

The second plant is designed and equipped to manufacture turbines up to 100 MW. The facility has larger and taller bays to accommodate and handle turbines weighing up to 300 tonnes. The plant has been equipped with CNC machines for manufacturing of critical components. A High Speed Balancing Machine capable of balancing rotors up to 55 tonnes in weight, 4 meter diameter and 8 meter long is under construction. The factory is also one of the few in the world which will

have capability of carrying out live mechanical run test of up to 100 MW turbines with a boiler having capacity to produce steam of 380 degree celcius at 42 ata. The Company is now in a position to provide faster deliveries of the widest range (from 1 MW to 100 MW) of high quality industrial turbines to the global markets. The Company takes pride in participating in the Indian Government's "Make in India" campaign with designing, engineering, manufacturing and supplying cost efficient high quality steam turbines, while successfully competing with large MNCs. The products are shipped from these two facilities to global customers.

## TECHNOLOGY AND R&D

The Company has a DSIR approved advanced in-house well equipped R&D centre, which is engaged in the development of new models and continuous product upgradation resulting in high-power dense, cost-effective, robust and efficient turbines to cater to the requirements of the ever-changing global market. The Company continuously monitors global trends and accordingly updates and prioritise its R&D plans to keep its product offerings aligned to the latest international standards and requirements.

The R&D centre is equipped with trained manpower working on advanced design software and equipments. Further, the R&D centre is closely associated with IISc, Bengaluru & IIT, Bombay on research programs and continues to be a preferred industrial partner for Indian Government-funded programs by MNRE, DST and Ministry of Power. The technology developed is extensively validated before commercial use, and the performance parameters in the field are closely monitored to make modifications, as may be considered necessary. The Company has well defined processes for development, testing, field feedback and continuous advancement of technology through in-house processes and association with global design houses.

The Company continues to develop cost competitive models, with much reduced carbon footprint as its offerings towards power solutions needed by its diverse global customers. The application segments include waste to heat, combined cycle, industrial process, renewables, captive and co-generation among others. In line with the industry trends, the Company has plans to diversify into different types of steam turbines and



New direct drive application LP module developed and tested.



25 MW Axial exhaust turbine with containerised design for sugar co-generation developed and successfully tested.

other renewable energy products focusing on high efficiency cycles. Even as such products become a reality in the near future, the Company is constantly upgrading and improving its steam turbine designs for optimal performance to meet the increasing power solution requirements globally.

## INTELLECTUAL PROPERTY RIGHTS

As mentioned, constant technological upgradations, development of new models and product diversification are some of the major ingredients of the R&D programme of the Company. These R&D efforts demand adequate safeguard of the invaluable in-house generated Intellectual Property. A dedicated team of specialists works along with the R&D team from the planning and initiation stage to the final product stage to ensure that the generated Intellectual Property is captured and protected.

Over the past few years, the Company has implemented a broad IP strategy for creation and protection of long-term IP assets to secure its technological advantage and know-how. Since the Company has a significant footprint in the International market and growing year on year, it constantly undertakes patent and industrial design filings in various international markets. The Company has already filed patent applications and design registrations in India, Europe, South East Asia, and the U.S. In the future, it also plans to cover other international markets where the Company has sold its products.

During the year, the Company made 31 IP filings, thereby increasing the IP filings in India to 172 and in other countries to 29. A substantial number of Intellectual Property Rights have already been awarded to the Company in various jurisdictions. These efforts will continue to protect the Company's IPs.

## SUPPLY CHAIN

The Company has an effective and robust supply chain management system starting from procurement process to delivery system. A structured purchase policy, revisited from time to time, provides guidelines for the Company's procurement function, encompassing all its key aspects. The emphasis is on cost control, quality, timely delivery, working capital management, consistency and transparency. The Company believes in the development and nurturance of long





Developed modular blocks with fast start-up capability for combined cycle applications.

term partnership in its supply value chain system, which ensures achievement of its objectives. Annual/monthly plan, new product design, international best practices and improvement in value engineering are shared with the supply chain partners thus enabling them to align their businesses with the Company's vision and requirements. With a growing focus on exports, the supply chain partners' capabilities to meet international standards of production and supplies and competitive price have been enhanced in a planned manner to meet competition and customers' expectations. This has been possible through regular interaction with suppliers/vendors/contractors, backed by regular exchange of information, training, planned reduction of cost, reduction of rejections, building up of sustainable trust and confidence and various other business development parameters generally followed in good business practices.

There is a strong realisation and acceptance of 'Zero Defect' and 'Do it right the first time, every time' concepts by the supply chain partners and, to ensure strict adherence to these concepts, supplier upgradation programmes are regularly conducted and suppliers are evaluated using structured parameters and tools. The existing supplier partners are periodically reassessed through a third party agency in order to ensure that the prescribed quality standards are maintained and technology

is upgraded in line with the evolving requirements. For new suppliers, a well-defined qualification process is in place along with EHS requirements. All the supplier partners are governed by a strict code of conduct and non-disclosure agreements.

The Company has successfully controlled the input costs by means of value engineering in design and materials, development of cost-effective supplier partners and sourcing of raw materials and components from some of the most cost-effective suppliers in India and around the globe. The Company's supply chain always strives to be a value creator through implementation of strategic initiatives year on year. In the similar manner, TTL has an effective logistic system for safe and timely deliveries of its products, in India and in the International markets at a competitive cost.

### QUALITY ASSURANCE

The Company has implemented a process-based management structure, where the processes are continuously evolved and owned by process owners and focused on customer. The Company is AS9100C/ ISO 9001:2008 certified, with a sound quality management system integrated throughout the organisation.

TTL ensures that its network of suppliers and dedicated sub-contractors also comply with these standards through supplier

qualification, QAPs and Standard Operating procedures (SOPs) to maintain comprehensive quality control of turbine and its auxiliary systems.

Products are designed, manufactured and commissioned in accordance with the International quality norms, such as APL, ASME, AGMA, NEMA and IEC, among others. Systems are developed to address country-specific product requirements. These systems have helped TTL to meet the stringent requirements of export customers, such as CE/PED and GOST certification.

TTL has adopted the 'Zero Defect' concept with respect to quality, which is supported by tools and techniques like visual management system, root cause analysis, followed by CAPA, DWM, DMAIC, Kaizen, SQIP (Supplier Quality Improvement Programme), SQDCM, Quality Circles, and a rigorous automated Customer Complaint Resolution System.

"Kaizen" movement was started in the Company in 2010 to inculcate a culture of continuous innovation and improvements throughout the organisation, involving people at all levels. The movement continues to provide significant benefits in productivity, quality, cost and EHS. TTL regularly participates in All India Kaizen events organised by CII-TPM Club of India, and has bagged several awards.

## HUMAN RESOURCES

The Company's investment in building its organisational capability on a continuous basis has strengthened its ability to sustain competitiveness in the global market. To sustain the competitiveness, it has been building a robust talent pipeline by inducting fresh engineers through a structured selection and training programme, which, has yielded good results in nurturing talent specific to our line of business. The Young Engineer's Programme (YEP) has equipped engineers to grow with the Company and position themselves to occupy key roles.

The focus of the Company remains in developing innovative training and improvement programmes across the functions. This initiative has resulted in building and enhancing technical capabilities and generation of overall development of human resources, contributing in achieving the set business goals. Further, platforms like, Cross Functional Teams have also been formed as part of Employee Engagement and Involvement through ongoing/ special projects which has created learning opportunities for the employees. Also, initiatives to foster employee engagement like "Skill enhancement programme", "Capability building" and "Creating future leadership programme" are also being conducted, on a regular basis.

The Learning Centre continues to be the nodal point for employees and customers, undertaking training on regular and continuous basis, about the Company's product and operation



The presence of its wholly owned subsidiary, Triveni Turbines Europe Pvt Ltd, UK and step down subsidiary Triveni Turbines DMCC, Dubai has started yielding economic benefit to the Group

and maintenance of steam turbines. In FY 17, Regional Managers from South Africa & Thailand underwent a six weeks specific training programme at our Learning Centre.

The Company continued with the "Advance Product Knowledge Upgradation" programme for its Customer Care Engineers, improvising the technological advancement in the life cycle of the product, followed by behavioural aspects which include outbound experiential learning and certification for project management. The "Supplier Quality Improvement Programme (SQIP)", as part of "Continuous Improvement" training programme for suppliers also continued in FY 17.

Computer Based Product Training Lab (CBT), a unique platform developed by the Learning Center is a comprehensive self-learning aide on turbine product. This platform is being upgraded on a continuous basis in order to cover the technological changes/ advancements. This also includes innovative processes being introduced / adopted.

The Company dedicated a total of 3112 plus man days in training employees during the year. This is 14% higher in comparison to FY 16. Similarly 5535 man-days of training were provided to the Graduate Engineer Trainees before being formally inducted into departments. In FY 17 a batch of Diploma Engineers were inducted and trained at our Learning Center to strengthen the assembling of higher range of turbines.

## ENVIRONMENT, HEALTH AND SAFETY (EHS)

The Company has commissioned a modern new plant (Phase 1) at Sompura, near Bengaluru. The Company has strictly adhered to applicable EHS norms throughout the duration of construction, erection and commissioning of the civil work thereby achieving 1.7 million safe man-hours.

This objective was achieved through training, coaching and providing greater accountability to supervisors, along with broader employee engagement through peer-to-peer feedback and by changing "at-risk behaviour" to "safe behaviour" and by fostering a more collaborative working environment and providing necessary safety equipment. EHS practice in Peenya facility continues during the year in the same spirit. The Company's safety practices have contributed to zero reportable accidents during the previous six years.

### **Occupational Health and Safety**

Certification audits of all departments and processes of TTL at Peenya Industrial Area and Sompura Industrial Area were carried out by a leading global service provider in line with OHSAS 18001:2007 standards. Both the units are found conforming to the standards requirement and certified for Occupational Health and Safety Management systems valid through March 2020.

### **Environmental Management System and Compliance Audits**

The Company's Environmental Management System (EMS) is a comprehensive approach to environmental management and continual improvement that measures the performance against regulatory and management standards. Certification renewal audit of Peenya Industrial Area plant and Fresh Certification Audit for Sompura Industrial Area plant have been carried out in line with ISO 14001:2015 standards and both the plants have been certified for the upgraded Environmental Management System standards. The certification is valid through March 2020. Ambient air monitoring study for particulates and gases, ambient noise monitoring study and drinking water analysis are being conducted on regular basis as per norms specified by the Karnataka State Pollution Control Board. Results were below regulatory limits.

### **BUSINESS OUTLOOK**

After a sluggish 2016, economic activity is projected to pick up pace in 2017 and 2018, especially in emerging markets and developing economies. Although the outlook appears better, uncertainty about policy direction in major economies casts a shadow over the prospects of recovery. According to the latest projections by the World Bank, world economic growth is projected to increase to 2.7% in 2017 from a sluggish rate of 2.3% last year. Advanced-economy growth is expected to recover moderately to 1.8% in 2017. In emerging and developing economies, growth is projected to accelerate to 4.2% in 2017 from 3.4% in 2016. This outlook reflects soft external demand, heightened uncertainty about global trade, and slower private investment. The Company's focus in the international market is in the renewable segment and it believes that the growth should be supported by various Govt. initiatives, for improving environment.

After witnessing a slowdown across major international markets, the Company believes that some of the focus markets may witness growth which would lead to increased order booking in FY 18. With a strong carry forward enquiry pipeline for both the domestic and international segment, the Company is expecting robust order booking in FY 18, thereby ensuring growth in the performance. Similarly, the aftermarket segment is also expected to witness growth with

its contribution from the regional offices at all major markets where TTL has a presence. The overall market is also expected to grow and the indicative signs reflected in the enquiry pipeline.

### **SUBSIDIARIES**

The presence of its wholly owned subsidiary, Triveni Turbines Europe Pvt Ltd, UK and step down subsidiary Triveni Turbines DMCC, Dubai has started yielding economic benefit to the Group with respect to expansion in the international market and growth in customer confidence. These companies are well equipped with trained sales and service personnel to augment order booking and providing aftermarket services. The subsidiary in Dubai, in order to achieve further business penetration, has opened regional offices in Indonesia, Vietnam and in final stages of setting up offices at other potential geographical locations. The subsidiaries are profitable and the Company expects further growth of these subsidiaries (including its regional offices) in coming years, which will add economic value and growth to the group in the long term.

### **GE TRIVENI LIMITED (GETL)**

GE Triveni Limited, joint venture Company with General Electric (GE), is engaged in the design, supply and service of advanced technology steam turbines with generating capacity in the range above 30-100 MW. GETL offers products, manufactured to international standards of quality and reliability, with best-in-class efficiencies. The flange to flange turbine is manufactured competitively at TTL's world-class facilities located at Bengaluru, and the complete project is executed by GETL in accordance with GE's procedures and processes, which include certification of suppliers, adherence to environment and other standards.

The financial health of the joint venture has improved vastly with higher number of export orders executed during the year. The enquiry and order pipeline from international market is encouraging and the outlook is positive, despite stiff competition in this segment. However, the Indian market is still continuing to remain sluggish, as in previous year, and is expected to revive in coming quarters.

FY 17 witnessed a strong order booking from the international market for GETL and similarly, the turnover for FY 17 was also primarily led by exports. The JV achieved a turnover of ₹ 1.21 billion with a net profit of ₹ 102 million. Similarly, the order intake for the JV for FY 17 has been ₹ 1.66 billion.

The pipeline of enquiries for both exports and domestic brings visibility for a good year of order booking in FY 18 while having a healthy turnover and profitability for the JV.



## CORPORATE SOCIAL RESPONSIBILITY (CSR)

At Triveni Turbines, we believe that the foundation of a robust business is the collective growth of its people and society. The Company is committed to create an environment that contributes to the well-being of communities and the conservation of nature.

### CSR Objectives

The Company wishes to be perceived as a 'Company with conscience', and to actively and continually contribute to the social and economic development of the communities for the benefit of the deprived, under-privileged and differently able persons. Its approach will be based on merits only, without any regard to religion, caste or creed.

### CSR Focus Areas

Keeping the corporate philosophy in mind, the following focus areas have been identified by the CSR Committee to meet the Company's CSR objectives:

- Healthcare
- Education
- Technology & Innovation
- Environment
- Women Empowerment



## Highlights of the CSR Initiatives undertaken during FY 17

### 1) Healthcare

#### ***Triveni Turbines Preventive Health Programme (Triveni Turbines PHP) for Females***

Triveni Turbine Ltd. (TTL) identified a project as part of its CSR plan which focused on preventing diseases, such as osteoporosis, breast cancer, cancer of the cervix & ovary, anaemia of various types and promoting healthcare in women, especially of the lower socio-economic strata in North Delhi. Under this project, the Company provided free investigations and medical advice/consultation to about 1230 women. The programme increased the awareness level of women towards health issues and the need for timely prevention.

#### ***Protecting the Girl Child from Cervical Cancer***

The Company provided vaccination to 180 girls, especially of the lower socio-economic strata, in the age group 9-14 years to protect them from Cervical Cancer. Nearly 1,32,000 women in India suffer from Cervical Cancer and nearly 74,000 of these die each year but this can be easily prevented through vaccination given at an appropriate age. The programme was successful as apart from vaccination, it helped in creating awareness among the parents and girls about the potential threat and need for prevention.





### ***Protecting the Infant Child from Rotavirus Diarrhoea***

TTL identified a project under healthcare which focused on preventing Rotaviral diarrhea among infants. India accounts for nearly 23% of all Rotaviral diarrhoea deaths in the world. Rotavirus infection is highly contagious, most vulnerable being children less than 5 years of age. Vaccination against this disease has to be completed before 34 – 35 weeks of age. During the year, the project was implemented and free vaccination was given to 195 new-borns and infants upto the age of 8 months to protect them from rotaviral infection.

## **2) Education & Women Empowerment**

### ***Support to Nursing School***

As part of CSR projects relating to promotion of education and women empowerment, the Company provided financial support to the Nursing School of a hospital to improve teaching standards, provide scholarships to good performers and deserving students, and subsidise fees to students from economically weaker section of the society.

### ***Other Educational Initiatives***

The Company supported the Government Model Primary School, Peenya, Bengaluru, for running a pre-nursery school catering to under-privileged children of the area.

The Company is also promoting special education among the differently abled children in Bengaluru. Around 280 children are benefitted under these projects.

## **3) Environment Sustainability**

### ***Water tool Applications for Sustainable Solutions, Enhanced capacities, and Renewal (WASSER)***

Water continues to rise as a priority for India and Indian business in a scenario where there is an increased variability in water availability and the resource quality is deteriorating.

To facilitate appropriate decision making amongst diverse stakeholders on water, it is important to integrate data, tools and water networks into a comprehensive, simple to use system that can readily be used by industry, Government and diverse stakeholders such as farmers, utilities and community at large; enhance awareness, disseminate knowledge amongst various stakeholders on Tool to enhance improve water security of an area.

It is in this context that the project WASSER was undertaken in association with an implementation agency with the intent to develop state-of-the-art tools and world class techniques meeting international standards to raise awareness, build capacities of diverse stakeholders on usage of innovative methods and enable appropriate decision making for water resource planning in India.

### ***Skill Development Intervention for Industry towards Environmental Sustainability for Operating Renewable Energy Plants***

The Company conducted skill development programmes focusing on environment sustainability for operating renewable energy/ biomass/ co-generation power plants as part of its CSR initiative under environment sustainability. The goal of the programme was to enable the industry to achieve operational excellence by reducing carbon footprint and create an eco-system of environmentally sustainable organisations that contribute as much to the environment as they do to the economic progress of the country.

## **4) Technology & Innovation**

During the year, the Company undertook certain technology and innovation based CSR projects in order to develop new processes/machineries to facilitate the use of renewable energy in power generation specifically in rural areas.





***Organic Rankine Cycle (ORC) turbine loop development***

There is a huge potential for recovery of energy from low-grade heat sources in rural and agricultural sectors, like biomass applications. With conventional products, like engines and turbines, it is not possible to efficiently recover such low-grade heat. The Company has undertaken a project with IIT Bombay for the design and development of Recuperator, Condenser & WHR Heat Exchanger as part of ORC turbine system, which is an effective and innovative way to recoup the otherwise wasted low-grade heat and convert to useful power.

***Aeroloop set-up for High-Speed Turbomachinery***

In India, research on high-speed turbomachinery is presently in nascent stage. These machines are compact and highly efficient for distributed power generation which is ideal for Indian rural sector. Indian Institute of Science is setting up a multipurpose test loop for trial runs and characterisation of high-speed micro-turbine

and compressor. As part of the CSR project, the Company is supporting IISc in setting up the Aeroloop system for High-Speed Turbomachinery, thereby encouraging research on a project of national importance.

***Near Iso-Thermal Air Compressor for renewable power generation***

Certain renewable energy power sources have not been successful much because of the problems of storing the generated power during their power generation cycle. One recent development in the field of energy storage is to utilise air compression techniques to store power generated during the uptime of the renewable energy power generation. For an energy efficient storage system, it is critical to have high efficiency air compression techniques to store the generated power during the uptime of the renewable energy power source. This is currently not available in India The Company is supporting the initiative of IIT Bombay in developing a Near Iso-Thermal Air Compressor, which improves the efficiency of air compressors used for renewable power generation and applications.



## FINANCIAL REVIEW

The financial results of the Company for the Financial Year 2016-17 compared with the previous year are summarised hereunder:

Description	(₹ in Million)		
	FY 17	FY 16	Change %
Income from operations (gross)	7,537.2	7,351.0	2.5
Other Income	285.7	215.0	32.9
EBITDA	1,917.4	1,785.5	7.4
EBITDA Margin	25.4%	24.3%	
Depreciation & Amortisation	148.0	152.7	-3.1
PBIT	1,769.4	1,632.8	8.4
PBIT Margin	23.5%	22.2%	
Finance Cost	3.3	3.4	-2.9
PBT	1,766.1	1,629.4	8.4
PBT Margin	23.4%	22.2%	
PAT	1,161.9	1,089.7	6.6
PAT Margin	15.4%	14.8%	
Other Comprehensive Income (net of Tax)	-13.0	2.5	
Total Comprehensive Income	1,148.8	1,092.2	5.2

## Applicable Accounting Standards and their impact

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under the Companies Act, 2013 and other relevant provisions of the Act. The said Accounting Standards became applicable to the Company with effect from 01.04.2016 with date of transition to Ind AS being April 1, 2015. Based on the revised Accounting Standards, comparative figures of FY 16 have been restated and the Balance Sheet has been compared with the restated position as on 31.03.2016 and 31.03.2015.

The revised Accounting Standards (Ind AS) have not materially affected the financial position of the Company, except due to change in accounting of foreign exchange forward contracts (derivative contract), as could be observed from Note 48 to the Standalone Financial Statements in which reconciliation of profit and equity between previous GAAP and Ind AS has been provided for the Financial Year 2015-16. Adoption of Ind AS has affected financial statements in respect of the following major areas:

1. Under the previous GAAP, the current investments were valued at lower of cost or market value whereas under Ind AS, these financial assets have been fair valued and the change in value has been recognised in profit or loss.



2. Under Ind AS, apart from specific provisioning in major cases, the Company is required to apply expected credit loss model for recognising the allowance for doubtful debts.
3. Under Ind AS, spares, patterns and tools etc, having life of more than one year, comply with the definition of property, plant and equipment (PPE) if these are not in the nature of consumables or regular repair items. In accordance with the aforesaid principles, the item of spares, patterns and tools, which qualify under the definition of PPE, have been capitalised and depreciated based upon their estimated useful lives. Under previous GAAP, these were accounted under inventories and only patterns and tools were amortised over the period of their useful lives.
4. Under the previous GAAP, in respect of foreign exchange forward contracts (forward contracts) relating to firm commitments or highly probable forecast transactions, provision was made for mark to mark losses, if any at the balance sheet date and gains, if any, were not recognised till settlement. Forward contracts (not relating to firm commitments or highly probable forecast transactions and not intended for trading or speculative purposes) were translated at the balance sheet date and any gain or loss on translation or settlement was recognised in profit or loss. Further, the premium or discount on such forward contracts was amortised as expense or income over the life of the contracts. Under Ind AS, all derivatives, including forward contracts, are initially recognised at fair value at the inception date and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss.
5. Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty whereas under Ind AS, such revenue is presented inclusive of excise duty and the excise duty paid is presented on the face of the profit or loss as part of expenses.
6. Under Ind AS, in respect of Defined Benefit Plans, re-measurement gains and losses arising from experience



adjustments and changes in actuarial assumptions are recognised in the period in which they occur directly in Other Comprehensive Income (OCI). They are included in retained earnings in the statement of changes in equity and in the Balance sheet. There was no concept of OCI in the previous GAAP

7. Under the previous GAAP, deferred tax accounting was done using income approach whereas Ind AS requires accounting for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base.
8. Under the previous GAAP, final dividend on equity shares, recommended by the Board of directors after the end of the reporting period but before the financial statements were approved for issue, was recognised in the financial statements as a liability. Under Ind AS, such dividends are recognised only when approved by members in a general meeting.
9. As per the previous GAAP, the results of a subsidiary (GE Triveni Limited) were being consolidated whereas under Ind AS, the said subsidiary has been considered as a jointly controlled entity and accordingly accounted by using equity method while preparing consolidated financial statements.

### Performance

Business conditions had been challenging during the year in view of the sluggish domestic market, impact of demonetisation, global macro economic factors, including uncertainties on account of Brexit, which resulted in delayed finalisation of orders. Despite these odds, it is a matter of satisfaction that Revenue from income operations (gross) has increased by 2.5%.

### Geographical composition of Net Sales

	Domestic Sales		Export Sales	
	% of Total Sales	₹ Million	% of Total Sales	₹ Million
FY 17	48%	3,531	52%	3,796
FY 16	64%	4,548	36%	2,537
FY 15	58%	3,611	42%	2,644

The quantum of exports, which is steadily increasing, well indicates that the Company has considerably globalised its operations. The strategy of the Company is two-fold – to enter newer markets for market expansion and to have market visibility and customer confidence for its products and services. The Company intends to achieve this objective through its network of foreign subsidiaries and offices and by being close to customers to showcase its capabilities and to gain their confidence. While there is an encouraging potential for export business, the domestic market can also provide incremental business upon resumption of growth in the capital goods industry. The Government is taking all measures to spur growth in the industrial sector which augurs well for the Company's business.



Income from operations (gross) has increased by 2.5% during the year

### Aftermarket Business

	Sales (in ₹ Million)	% to Net Sales	Export Component %
FY 17	1,661	23%	35%
FY 16	1,532	22%	34%
FY 15	1,438	23%	31%

It is also the objective of the Company to increase the quantum and proportion of the high margin aftermarket business. Refurbishment of turbines is a focus area and it offers enormous potential for growth. These trends indicate that the Company is well on its way to improve the proportion and has made an effective entry in the export market.

### Profitability

During the year, the Company has been able to maintain/improve all its profitability ratios. It has been made possible due to stringent cost control, higher productivity and value engineering. Increase in Other Income by 33% is primarily due to gains from hedging activities. It is the policy of the Company to substantially hedge the exports exposures with a view to protect the benchmark costing rates and to capture the forward premium so as to improve margins. As hedging margins are considered while quoting to customers, the Company treats such gains as a part of the operating revenue.

### Expenses

#### Raw Material Consumption

Description	FY 17	FY 16	Change %
Raw material consumption and Change in inventory	3,898.2	3,994.3	-2.4
Percentage of sales	51.7%	54.3%	

The Raw material consumption as a percentage to Revenues has improved by 260 basis points, due to higher proportion of high margin export sales and aftermarket business. Further, a series of strategic supply chain initiatives has also helped in the reduction of raw material cost. The long term relationships with vendors, sub contractors and other business partners

and their efforts to improve their process of manufacture and control on wastages and rejections, help in rationalising the overall landed cost of raw materials and components. Continual value engineering programmes and development of new cost efficient turbines contributed towards reduction of cost.

### Personnel cost, Other Expenses and Depreciation

Description	FY 17	FY 16	Change %
Personnel cost	742.5	635.8	16.8
% to Total Sales	9.9%	8.6%	
Other Expenses	1,048.7	891.4	17.6
% to Total Sales	13.9%	12.1%	
Depreciation & Amortisation	148.0	152.7	-3.1
% to Total Sales	2.0%	2.1%	

### Personnel Cost

The increase in personnel cost comprises annual salary increase and additional manpower resources to meet globalisation efforts in sales and marketing as well as in other functional areas to support the overall offerings.

### Other Expenses

This comprises Manufacturing expenses, Administrative expenses and Selling expenses. The increase is mainly attributed to expenses incidental to increased exports, increased travel and marketing efforts and to support marketing efforts of the foreign subsidiaries.

### Depreciation and Amortisation

There was no significant change in depreciation and amortisation during the year as the major addition to Property Plant and Equipment happened only towards the close of the financial year.

### Balance Sheet

Major items, including where significant changes have taken place during the year are being explained hereunder:

#### Non Current Assets

#### Property, Plant and Equipment (PPE), Capital work in progress & Intangible assets

PPE is the main component of Non-current assets. The setting up of a new state of the art manufacturing plant at Sompura near Bengaluru has increased the gross block of fixed assets by ₹ 1,068.7 million during the year. The first phase of construction is over and manufacturing at the new plant had started in December 2016, The second phase of construction is under progress and Capital work-in-progress relates to the second phase.



Further, in order to keep pace with the digital advancement, the Company has upgraded its ERP platform to the latest version, which enables faster data processing, data mobility, analytical tools and is fully GST compliant. Further, implementation of upgraded PLM for design and manufacturing, advancement of CRM software and proposed remote monitoring and IOT led to increase in the gross value of tangible and intangible assets.

#### Non- current Investment

There is no further investment in subsidiaries or joint venture during the year.

#### Financial Assets

This mainly consists of trade receivables in respect of revenue from license of technical knowhow which is not receivable within 12 months.

#### Other non- current Assets

This comprises of Capital Advances paid to vendors and contractors towards on-going construction of the second phase of Somapura plant and pending claims for VAT refund which are expected to received beyond 12 months.

#### Current Assets

##### Inventories

The inventory has marginally declined due to reduction in finished goods. Necessary allowances are provided for the slow moving inventories.

##### Financial Assets

The current financial assets majorly comprise trade receivables and cash and cash equivalents. All trade receivables are good and recoverable and export receivables are mostly backed by LC. Apart from specific provisions, an allowance towards expected credit loss has also been made against trade receivables.

##### Other Current assets

The major component are claims for VAT refund and Export benefit recoverable as per various schemes of Foreign Trade Policy, which are expected to be received within 12 months. Apart from this, Advance paid to vendors for supply of material

and components for use in manufacturing are also grouped under this sub head.

#### Equity

There is no change in equity share capital of the Company during the year. As a result of accretion of profit during the year to the retained earnings, the net worth has increased by 32.5% to ₹ 3,957 million.

#### Non Current Liabilities

These mainly comprise deferred tax liabilities (net) and certain provisions towards employee benefits and warranty etc.

#### Current Liabilities

These mainly comprise of trade payable and advances from customer. There have not been any short term borrowings at the yearend in view of comfortable liquidity position.

#### Consolidated Financial Statements

Consolidated financial statements have been prepared consolidating the results of a wholly owned subsidiary, Triveni Turbines Europe Pvt. Ltd. (TTEPL) and a step down subsidiary, Triveni Turbines DMCC (TTDMCC). Further, the Company has a subsidiary Company GE Triveni Ltd. (GETL) which, in accordance with Ind AS, has been considered as a joint venture and accordingly the said joint venture is accounted by using equity method for preparation of consolidated financial statements.

Headline figures for consolidated financial statements duly compared with standalone are provided here under:

		(₹ in Million)	
		<b>Financial Statements</b>	
		<b>Consolidated</b>	<b>Standalone</b>
1	Revenue from operations (gross)	<b>7,655.7</b>	<b>7,537.2</b>
2	Profit before tax	<b>1,802.5</b>	<b>1,766.1</b>
3	Share of income of joint venture	<b>43.5</b>	-
4	Profit after tax	<b>1,235.5</b>	<b>1,161.9</b>

## RISK MANAGEMENT & MITIGATION

The Company has a comprehensive Risk Management and Mitigation framework which is reviewed from time to time to ensure its effectiveness in line with the changing business dynamics. The framework identifies all possible risks that the Company might be exposed to, including their categorisation based on their severity, for regular monitoring and reporting. The policy identifies risk ownership, accountability and mitigation procedures. It is the endeavour of the Company to strengthen the control environment on a dynamic basis with a view to lower the overall risk profile.

The Risk Management Policy lays down guiding principles, policies, a risk organisation structure and MIS, incorporating the requirements of Corporate Governance as well as some of the industry best practices in order to manage risks. Pursuant to the risk management policy, the Company presents an enterprise-wide approach to ensure that key aspects of risks that have an enterprise-wide impact are considered and contained in its conduct of business. This policy document also serves as a guideline for respective components of risks which have a common resonance across the Company.

The Company's business relates to manufacture and sale of steam turbines which falls under the capital goods industry segment and is closely linked with the country's economic activities, domestic and global, as well as the sectors wherein the Company's products are used. Even though several factors relating to the industry are not within the control of the Company, it strives to mitigate the externalities in the best possible manner by ensuring diversified streams of revenues and avoiding over dependence on any sector/s or geographies.

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

### 1. Risk of slowdown in economy & Over dependence on any market

A slowdown in economy directly impacts the demand of capital goods, including the products of the Company. Further, over dependence on any market segment/s may adversely affect the performance of the Company if the concerned segment gets sluggish due to internal factors.

The domestic market, traditionally the major market of the Company, has substantially declined from its peak levels and has remained stagnant for the past several years, as a result of which the off-take of the Company's products in the domestic market has suffered. Although there has been occasional recovery in certain sectors, such as, Sugar, Cement, steel etc., these recoveries have not been consistent and sustainable. The Company was cognisant of the risk of over dependence on the

domestic market and it thus actively started exploring and focusing on marketing its products in the global market and the efforts of the Company yielded positive results. The timely proactive steps taken by the Company have been helpful in countering contraction of demand in the domestic market. The Company is in the process of further extending its footprints in the global market to contain the risk of slowdown and to avoid over exposure to a market segment. The Company has also set up international offices to ensure proximity to customers so that it acquires in-depth knowledge of market trends and is able to capture all opportunities.

### 2. Margin related risks

The Company has been able to consistently maintain its margin due to several factors, including, cost control, effective supply chain, value engineering and most importantly, due to substantial proportion of high margin aftermarket services. The aftermarket services are complimentary to product sale as these provide support to the customers to keep the products trouble free and to resolve break-downs in the most efficient manner. Without such service support, the Company may not be able to win the confidence and secure orders from customers. However, the Company also focuses on increasing such services as a tool to maintain and enhance the overall margin by building an optimal mix of product and aftermarket services. As in the domestic market, the Company is replicating its service model, offering its service for preventative maintenance of its products and strengthening its service capabilities to attend to urgent situations in a timely manner internationally. Further, in view of the perceived vast potential, the Company is also looking at refurbishment of turbines, including of other makes, and substantial export content of the aftermarket business. The foreign subsidiaries and offices set up by the Company will help in achieving these objectives apart from securing more aftermarket service orders. In due course, the Company may also own, directly or indirectly through joint ventures, service workshops in various regions.

### 3. Technology and competition related risks

The Company is in competition with large global entities in the domestic and international market and in order to compete with them effectively, it has to offer a value proposition which appeals to customer and offers product efficiency, critical product features and overall life cycle costs comparable with the competitors. It requires technology to be benchmarked and improved constantly in line with competitors. The Company vigilantly studies, analyses and forecasts market trends and customer preferences and accordingly develops its R&D programmes.

The Company has a well-established R&D department which undertakes new product development and improvements within the shortest possible time and at optimal costs. The Company has also tied up with institutes of repute for development of technology & products. The Company has well structured systems to validate its technology prior to commercial use. The Company imparts technical training at its in-house Learning Centre for all the levels of engineers to expose them to the latest technology.

#### **4. Risks of internationalisation**

The Company is increasingly focusing on international markets for its products & services. There are risks of claims from customers if the contractual performance parameters are not met and there could be other implications in the event of non-compliance of laws of the concerned country.

The Company has been in steam turbine business for long and is aware of the technicalities involved. Proper due diligence is made prior to accepting any order. Further, the Company has strict quality control procedures which ensure that all the products supplied to the customers meet the necessary contractual specifications and parameters.

It is also ensured that the contracts with customers clearly specify the obligations of the Company. The Company also takes appropriate insurance policies to cover all such risks. Further, a comprehensive check list is prepared for each concerned country/region to ensure full compliance.

#### **5. Risk of underutilisation of expanded manufacturing capacity**

The Company has set up a new state-of-the-art manufacturing facility, thereby increasing the capacity. In the event the orders are not secured commensurate with the expanded capacity, the under utilisation of capacity may lead to additional costs which may impact the margins and ROI.

The Company plans to set up the new facility in a phased manner so as to avoid idle overcapacity. The expanded capacity will also provide necessary infrastructural support to the manufacture and assembly of higher range of turbines, which were not presently available as per the desired levels. Additionally, it will also have better testing facilities and ensure productivity gains to the Company. Upon return of normalcy in the domestic market, the new facilities will help to meet additional demand.



# DIRECTORS' REPORT

Your Directors have pleasure in presenting the 22<sup>nd</sup> Annual Report and audited financial statements for the financial year ended March 31, 2017

## Financial Results

	(₹ in Millions)	
	2016-17	2015-16
Revenue from operations (Gross)	7,537.24	7,351.02
Operating Profit (EBITDA)	1,917.40	1,785.47
Finance Cost	3.32	3.43
Depreciation & amortisation	147.96	152.67
Profit before exceptional items & tax	1,766.12	1,629.37
Exceptional Items	-	-
Profit before tax (PBT)	1,766.12	1,629.37
Tax expenses	604.26	539.68
Profit after Tax (PAT)	1,161.86	1,089.69
Other Comprehensive income(net of tax)	(13.04)	2.54
Total Comprehensive income	1,148.82	1,092.23
Earning per equity share of ₹ 1 each (in ₹)	3.52	3.30
Retained earnings brought forward	1,785.03	1,367.95
Appropriation:	-	-
-Equity dividend (including dividend distribution tax)*	178.72	675.15
-Transfer to General Reserves	-	-
Retained earnings carried forward	2,755.13	1,785.03

(\*)Proposed final dividend of ₹ 0.75 per equity shares (75%) declared after the reporting period not included herein

With the accretion in reserves by ₹ 970.10 million during the year, the total reserves of the Company stand at ₹ 3,627.05 million and the net worth of the Company is at ₹ 3,957.02 million as on 31.03.2017.

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

## Indian Accounting Standards

The Ministry of Corporate Affairs (MCA) vide notification dated February 16, 2015, published in the Official Gazette notified Indian Accounting Standards (Ind AS) which are applicable to the Company w.e.f April 01, 2016 with the transition date April 01, 2015. Accordingly, the Financial Statements have been prepared in compliance with Ind AS and the comparative

information of the previous years has been provided as per the prescribed requirements.

## Business Operations

Having regard to the challenging business conditions, the performance of the Company has been satisfactory – it has achieved 3% increase in turnover and 7% increase in profit after tax. The Company has been able to substantially internationalise its operations with exports forming 52% of the total turnover as against 36% in the previous year. In absolute terms also, export turnover has increased by 50% over the previous year. Further, high margin aftermarket business has increased by 8% over the previous year, with exports contributing 35% of the total aftermarket revenue.

The export order booking during the year remained rather sluggish in view of global macro-economic situation, including uncertainties on account of Brexit etc. Despite the impact of demonetisation in the second half of the year, the domestic market has shown a marginal growth in demand raising hopes of a gradual turnaround. Having set up the new state-of-the-art manufacturing facilities near Bengaluru, the Company is well equipped to manufacture and refurbish higher range of turbines and the expanded capacity will be helpful to capture all the opportunities as and when the normalcy in the demand reverts.

The Company intends to intensify its marketing thrust to expand its geographical footprint and introduce its unique value proposition to the potential customers. In doing so, the Company will be fully leveraging its foreign subsidiaries and their network of offices at strategic locations. Having already established offices at UK, Dubai, Indonesia and Vietnam, the Company is in the final stages of establishing offices in South Africa and Thailand; it has come a long way in realising the potential the global market has to offer. The underlying objective is to be close to our customers through extended reach of regional offices and ensure market visibility and customer's confidence for its products and aftermarket services.

The business of the Company centers around our robust R&D programme which enables us to achieve benchmark efficiency and help in making our products cost competitive. The hallmark of our R&D initiatives is our ability to accomplish the project within aggressive timelines and at reasonable cost. The R&D department is at the forefront of the Company's vision to sustain and enhance a leadership position in industrial steam turbine business.

## Dividend

The Board has in its meeting held on August 04, 2016 declared an Interim dividend of 45% (₹ 0.45 per equity share). Further, the Board of Directors have recommended a final dividend of 75% (₹ 0.75 per equity share) for the financial year ended March 31, 2017. The total equity dividend for FY 17 (including the interim dividend of ₹ 0.45 per equity share (45%) amounts to ₹ 1.20 per equity share (120%) and the total outgo including the proposed final dividend for the FY 17, is ₹ 476.58 million (including dividend distribution tax) versus ₹ 436.86 million (corresponding to 110% dividend) in the previous year.

## Dividend Distribution Policy

As per the provision of Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 (Listing Regulations), the top 500 listed companies, based on Market Capitalisation shall formulate a Dividend Distribution Policy. Accordingly, policy was adopted to set out the parameters and circumstances that will be taken into account by the Board in determining the distribution of dividend to the shareholders of the Company and to retain profits earned by the Company. The Policy is available on the web site of the Company at <http://www.triveniturbines.com/key-policies>.

## Subsidiary

The Company has a domestic subsidiary (considered as a Joint Venture for the purposes of consolidated financial statements), namely, GE Triveni Ltd (GETL), Bengaluru, a wholly owned foreign subsidiary, namely, Triveni Turbines Europe Pvt. Ltd. (TTEPL), UK, and a step-down subsidiary, namely, Triveni Turbines DMCC (TTDMCC), Dubai (wholly owned subsidiary of TTEPL). As required under the provisions of Section 129 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2013, a statement containing salient features of the financial statements of subsidiaries is provided in the prescribed format AOC-1 as **Annexure A** to the Board's Report.

The performance of GETL for the current year was satisfactory. While there was a decline in turnover by 15% due to slippage of some high value despatches to the next year, the profit after tax grew by 46% over the previous year. The orders in hand at the end of the year were higher by 29% over the previous year. The enquiry pipeline in the international market is encouraging.

The foreign subsidiaries, TTEPL and TTDMCC are fully operational and expanding their business presence in other regional territories. These international structures are providing strong support for order booking and in execution of aftermarket services.

In accordance with Regulation 16 of Listing Regulations, none of the subsidiaries is a material non Listing Regulations subsidiary.

The Company has formulated a policy for determining material subsidiaries. The policy has been uploaded on the website of the Company at <http://www.triveniturbines.com/key-policies>.

In accordance with Section 136 of the Companies Act, 2013, the audited financial statements of the Company alongwith the consolidated financial statements and related detailed information, the audited financial statements of the subsidiary companies are available on the website of the Company. These documents will be made available for inspection at the Registered Office of the Company during business hours.

## Consolidated Financial Statements

In accordance with Section 136 of the Companies Act, 2013 and Regulation 33 & 34 of the Listing Regulations read with other applicable provisions, your Directors have attached the Consolidated Financial Statements of the Company for financial year ended March 31, 2017, prepared in accordance with applicable Ind AS, which form a part of the Annual Report

The financial statements including consolidated financial statements and the audited accounts of each of the subsidiary are available on the Company's website [www.triveniturbines.com](http://www.triveniturbines.com)

## Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013, your directors confirm that:

- a) In the preparation of the annual accounts for the financial year ended March 31, 2017, the applicable accounting standards have been followed and there are no 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 financial year and of the profit 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 the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The directors have prepared the annual accounts on a 'going concern' basis;
- e) The directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

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

### Corporate Governance

In accordance with SEBI Regulations, a separate report on Corporate Governance is given in **Annexure B** along with the Auditors' Certificate on its compliance in **Annexure C** to the Board's Report. The Auditors' Certificate does not contain any qualification, reservation and adverse remark.

### Related Party Transactions

The Company has formulated a Related Party Transactions Policy which has been uploaded on its website at <http://www.triveniturbines.com/key-policies>. It is the endeavour of the Company to enter into related party transaction on commercial and arms' length basis with a view to optimise the overall resources of the group.

All transactions entered into with related parties during the year were in the ordinary course of business of the Company and at arms-length basis. The Company had not entered into any contract/arrangement/transaction with related parties which could be considered material in accordance with the policy of the Company on the materiality of related party transactions Form AOC-2 is not attached with this Report as there was no such related party transaction for which disclosure in terms of Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is required.

### Risk Management Policy and Internal Financial Controls

The Company follows a risk management policy, the objective of which is to lay down a structured framework and system to identify potential threats to the organisation and likelihood of their occurrences with a view to formulate effective mitigation with a clear accountability and ownership. It is the endeavour of the Company to devise processes and controls to improve the overall risk profile of the Company. The risk policy aims at controlling and minimising the risks through effective mitigation measures, internal controls and by defining risk limits and parameters.

Pursuant to the risk management policy, the Company has instituted a comprehensive risk management framework. Detailed identification of risks is carried out along with categorisation thereof based on severity of impact on the organisation, including on its reputation. Such categorisation gives highest weightage to the risks which have the potential to threaten the existence of the Company. The Risk Committee, comprising of functional heads and the Executive Director, oversees the risk management activities in the Company. The

risk management policy and framework are reviewed regularly to assess and maintain its effectiveness and relevance.

As required under Section 134 (5) (e) of Companies Act 2013 and integrated with the risk management framework, Internal Financial Controls System has been laid out which comprehensively deals with and elaborates financial controls, financial reporting and timely preparation of reliable financial statements. Additionally, clearly defined delegation of authority, policies and procedures for efficient conduct of the business, operating and financial controls have been put in place to safeguard the assets, to identify and minimise leakages and wastages, and to detect and prevent frauds and errors. There is an inbuilt mechanism through self-certification and audit to ensure that all controls are working effectively.

### Directors and Key Managerial Personnel (KMP)

As per the provisions of the Companies Act, 2013, Mr. Tarun Sawhney will retire by rotation at the ensuing Annual General Meeting (AGM) of the Company and being eligible, seeks re-appointment. The Board has recommended his re-appointment.

The term of appointment of Lt. Gen. K.K. Hazari (Retd.), Independent Director of the Company was due to expire on March 31, 2017. With the approval of shareholders by a Special Resolution dated March 31, 2017 passed by postal ballot Gen Hazari has been re-appointed as an Independent Director w.e.f. April 01, 2017 for a term upto 25<sup>th</sup> AGM of the Company.

Further, with the approval of the shareholders by a separate special resolution dated March 31, 2017 passed by postal ballot, Mr Arun Prabhakar Mote has been re-appointed as Whole-time Director (designated as Executive Director) of the Company for a further period of two years with effect from November 1, 2016 on the remuneration and terms and conditions set out in the said special resolution.

With deep regret, we report the sad demise of our Independent Director, Mr. Amal Ganguli, on May 8, 2017. Your Directors would like to place on record their highest gratitude and appreciation for the guidance given by Mr. Ganguli to the Board during his tenure as a director.

The Company has received declarations of Independence in terms of Section 149 of the Act and also under the Listing Regulations from all the Independent Directors.

As required under the provisions of Section 203 of the Act, the Key Managerial Personnel, namely, Chairman & Managing Director, Vice Chairman & Managing Director, Executive Director, Executive Vice President & CFO and Company Secretary continue to hold that office as on the date of this report.



### Employees Stock Option

There are no outstanding stock options and no stock options were either issued or allotted during the year.

## AUDITORS

### Statutory Auditors

As per Section 139 of the Act and rules made thereunder, it is mandatory to rotate Statutory Auditors on completion of maximum term permitted under the said Section. M/s J.C. Bhalla & Co., Chartered Accountants (JCB), the existing statutory auditors of the Company, would be completing their term at the conclusion of the ensuing 22<sup>nd</sup> AGM of the Company.

The Audit Committee of the Company has proposed and the Board of Directors of the Company has recommended, appointment of M/s Walker Chandiook & Co LLP (ICAI Firm Registration No. 001076N) (WCC) as Statutory Auditors of the Company in place of JCB, for a period of five (5) consecutive years, to hold the office from the conclusion of the ensuing 22<sup>nd</sup> AGM until the conclusion of 27<sup>th</sup> AGM of the Company, for approval of the shareholders of the Company. WCC are eligible and consented to act as the Statutory Auditors of the Company. The First year of the Audit will be Financial Statements for the year ending March 31, 2018.

### Cost Auditor

In terms of the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Records and Audit) Rules 2014 duly amended, cost audit is applicable to the Company for FY 18. M/s J.H & Associates, Cost Accountants, Bengaluru have been appointed as the Cost Auditors to conduct the cost audit of your Company for FY 18. The Board recommends the ratification of the remuneration to the Cost Auditors.

### Secretarial Auditor

In terms of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Board appointed M/s Sanjay Grover & Associates, a firm of Company Secretaries in practice to undertake the Secretarial Audit of the Company for FY 17. The report on secretarial audit is annexed as **Annexure D** to the Board's Report. The report does not contain any qualification, reservation or adverse remark.

### Corporate Social Responsibility (CSR)

A CSR policy was formulated by the CSR committee which, on its recommendation, was approved by the Board. The CSR Policy is available on the Company's website at <http://www.triveniturbines.com/key-policies>.

The composition of CSR Committee and Annual Report on CSR Activities as approved by the CSR Committee is provided in **Annexure E** to the Board's Report.

### Audit Committee

The composition of Audit Committee is provided in the Corporate Governance Report that forms part of this Annual Report.

### Vigil Mechanism

The Company has established a vigil mechanism through a Whistle Blower Policy and through the Audit Committee, oversees the genuine concerns expressed by the employees and other Directors. The Company has also provided adequate safeguards against victimisation of employees and Directors who may express their concerns pursuant to this policy. The Company has also provided a direct access to the Chairman of the Audit Committee on reporting issues concerning the interests of the employees and the Company. The policy is uploaded on the website of the Company at <http://www.triveniturbines.com/key-policies>.

### Disclosure under the sexual harassment of women at workplace (Prevention, Prohibition and Redressal) Act 2013

The Company has in place an Anti-Sexual Harassment policy in line with the requirements of sexual harassment of women at Work place (Prevention, Prohibition and Redressal) Act 2013. The Internal Complaint Committee (ICC) has been set up to redress complaints received regarding sexual harassment. During the period under review, no complaint was received by the ICC.

### Board Meetings

During the year, five board meetings were held, the details of which are given in the Corporate Governance Report that forms part of the Board's Report. The maximum interval between the two meetings did not exceed 120 days as prescribed in the Companies Act, 2013.

### Particulars of loans, guarantees or investments made under Section 186 of the Companies Act, 2013

The investment made by the Company in bodies corporate comprise only of investments made by it in equity share capital of its subsidiaries as disclosed in the notes to the audited financial statements forming part of this Annual Report. The Company has not given any loans or given any guarantee or provided any security in connection with a loan to any body corporate or person.

### Conservation of energy, technology absorption, foreign exchange earnings and outgo

The particulars required under Section 134(3) (m) of the Companies Act, 2013 read with the relevant rules are provided in **Annexure F** to the Board's Report.

### Particulars of Employees

The information as required under Section 197 of the Companies Act 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in **Annexure G** to the Board's Report.

The particulars of employees drawing remuneration in excess of limits set out in the Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in **Annexure H** to the Board's Report. However, as per the provisions of Section 136 of the Companies Act 2013, the annual report is being sent to all the members of the Company excluding the aforesaid information. The said information is available for inspection by the members at the registered office of the Company up to the date of the ensuing Annual General Meeting. Any member interested in obtaining such particulars may write to the Company Secretary at the registered office of the Company.

### Management's discussion and analysis

In terms of provisions of Regulation 34 of the Listing Regulations, the Management's discussion and analysis is set out in this Annual Report.

### Business Responsibility Report

The Listing Regulations mandate top 500 listed entities based on the market capitalisation as on March 31, 2017, the inclusion of the Business Responsibility Report as part of the Directors Report of the Company. The report in the prescribed form is annexed as **Annexure I** to the Board Report.

### Deposits

The Company has not accepted any public deposits under Section 73 of the Companies Act, 2013.

### Extracts of Annual Return

Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, extracts of the annual return in the prescribed form is annexed as **Annexure J** to the Board's Report.

### Significant and material orders

There are no significant and material orders passed by regulators or courts or tribunals impacting the going concern status and Company's operations in future.

### Human Resources

The Company operates in technologically dynamic environment and competes with globally reputed players. The Company engages highly trained and motivated team to market its

products, carry out continual product improvements, evolve new technologies, provide value proposition for its customers and offer products which meet benchmark efficiency and quality standards.

The Company believes in continuous learning and the state-of-the-art in-house learning center provides theme based training to all employees round the year to keep them abreast with the technological and market developments. The learning center imparts focused training programmes dealing with product knowledge, skill building, design capabilities, and in-house developed computer based training on product and leadership. Specially designed development modules have been created for our customer care engineers.

The Company has a robust and effective performance management system to identify and nurture talents, provide personal growth and job enrichment for retention, reward for their performance and achievements through set KRAs and goals. For FY 17 3.3 man days of training for each employee including workmen was achieved.

### Policy on Directors' appointment and remuneration

The policy of the Company on the appointment and remuneration of the directors as approved by the Board, including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of Section 178 of the Companies Act, 2013, is uploaded on the website of the Company at <http://www.triveniturbines.com/key-policies>. There has been no change in the policy since the last fiscal year and the remuneration paid to the directors is as per the terms laid out in the policy.

### Board Evaluation Mechanism

Pursuant to the provisions of Companies Act 2013 and the Listing Regulations, the Board has carried out annual performance evaluation of its own performance, those of directors individually as well as evaluation of its committees. The evaluation criteria as defined in the Nomination and Remuneration Policy of the Company covered various aspects of Board such as, composition, performance of specific duties, obligations and governance.

The performance of individual directors was evaluated on parameters, such as, number of meetings attended, contribution in the growth and formulating the strategy of the Company, independence, application of judgement, safeguarding the interest of the Company and minority shareholders, time devoted apart from attending the meetings of the Company, active participation in long term strategic planning, ability to contribute by introducing best practices to address business challenges and risks etc. The directors expressed their satisfaction with the evaluation process.

## Appreciation

Your directors wish to take the opportunity to express their sincere appreciation to our customers, suppliers, shareholders, employees, the Central and Karnataka Government, financial institutions, banks and all other stakeholders for their whole-hearted support and co-operation. Your Directors also wish to record their appreciation for the continued co-operation and support received from the Joint Venture partner.

We look forward to their continued support and encouragement.

For and on behalf of the Board of Directors

Place: Noida (U.P.)  
Date: May 18, 2017

**Dhruv M. Sawhney**  
Chairman and Managing Director



# ANNEXURE-A

## STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES/ ASSOCIATE COMPANIES/ JOINT VENTURES

### PART "A": SUBSIDIARIES

Name of the subsidiary	₹ in Million		
	GE Triveni Ltd. (GETL)#	Triveni Turbines Europe Pvt. Ltd. (TTE)	Triveni Turbines DMCC (TTD)
1. Country of incorporation	India	United Kingdom	Dubai, UAE
2. Date of becoming subsidiary/acquisition	28.05.2010	23.12.2014	31.03.2015
3. Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA	NA	NA
4. Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	<b>INR</b>	<b>Currency – GBP Exchange rate- 1GBP = INR 80.99</b>	<b>Currency – USD Exchange rate - 1USD = INR 64.86</b>
5. Share capital	160.00	16.20	12.37
6. Reserves & surplus	146.50	25.30	0.70
7. Total assets	1,085.87	123.12	28.97
8. Total Liabilities	779.37	81.63	15.90
9. Investments	-	10.06*	-
10. Turnover	1,213.18	222.24	85.80
11. Profit before taxation	156.29	28.49	5.08
12. Provision for taxation	54.27	5.71	-
13. Profit after taxation	102.03	22.78	5.08
14. Proposed Dividend	Nil	Nil	Nil
15. % of shareholding	50%+1 share	100%	100%

(\*) in the equity share capital of TTD which is a wholly owned subsidiary of TTE

(#) GETL has been considered as a joint venture for the purposes of consolidated financial statements. (Refer Part B below)

### PART "B": ASSOCIATES AND JOINT VENTURES

For the purposes of Consolidated Financial Statements, GETL has been considered as a Joint Venture based upon control assessment carried out in accordance with Ind AS 110 *Consolidated Financial Statements* and Ind AS 111 *Joint Arrangements*. The details of Joint Venture are given below:

Name of Associates/Joint Ventures	₹ in Million
	GE Triveni Ltd. (GETL)
1. Latest audited Balance Sheet Date	31-Mar-17
2. Date on which the Associate or Joint Venture was acquired	28.05.2010
3. Shares of Associate/Joint Ventures held by the Company on the year end	
- No of shares	8000001
- Amount of Investment in Associates/Joint Venture (₹ million)	80.00
- Extent of Holding %	50%+1 share
4. Description of how there is significant influence	Due to holding of stake of more than 20%
5. Reason why the associate/joint venture is not consolidated	Being Consolidated based on Applicable Ind AS
6. Networth attributable to Shareholding as per latest audited Balance Sheet (₹ million)	131.48
7. Profit / Loss for the year (after tax) (₹ million) – as per consolidated financial statements	102.03
i. Considered in Consolidation (₹ million)*	43.50
ii. Not Considered in Consolidation	-

\* Net of tax on share of undistributed profits.

# ANNEXURE-B

## CORPORATE GOVERNANCE REPORT

### Company's Philosophy on code of Governance

Your Company is of the belief that sound Corporate Governance is vital to enhance and retain stakeholders' trust. Good Governance underpins the success and integrity of the organisation, institutions and markets. It is one of the essential pillars for building efficient and sustainable environment, system and practices to ensure that the affairs of the Company are being managed in a way which ensures accountability, transparency, fairness in all its transactions in the widest sense and meet its stakeholder's aspirations and societal expectation. Your Company is committed to the adoption of best governance practices and its adherence in the true spirit at all times and envisages the attainment of a high level of transparency and accountability in the functioning of the Company and conduct of its business internally and externally.

In line with the above philosophy, your Company continuously strives for excellence through adoption of best governance and disclosure practices. The Company recognises that good governance is a continuing exercise and thus reiterates its commitment to pursue highest standard of Corporate Governance in the overall interest of its stakeholders.

Your Company is conscious of the fact that the success of a company is reflection of the professionalism, conduct and ethical values of its management and employees.

In addition to the compliance with the regulatory requirements as per Regulation 17 of Securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), your Company's endeavours to ensure that the highest standard of ethical and responsible conduct are met throughout the organisation.

### I BOARD OF DIRECTORS ("BOARD")

The Company is managed and guided by the Board of Directors. The Board formulates the strategy and regularly reviews the performance of the Company. The Board has been entrusted with the requisite powers, authorities and duties to enable it to discharge its responsibilities and provide effective leadership to the Business.

The Company has an optimum combination of Executive, Non-Executive and Independent Directors who are eminent persons with professional expertise and valuable

experience in their respective areas of specialisation and bring a wide range of skills and experience to the Board.

The Chairman and Managing Director of the Company provides vision and leadership for achieving the approved strategic plan and business objectives. He presides over the Board and the Shareholders' meetings. The Chairman and Managing Director with the support of the Vice Chairman and Managing Director, Executive Director and Senior Executives oversees the operations of the Company.

As of March 31, 2017 the Board comprised of 8 (Eight) members which include 4 (Four) Non-Executive Independent Directors including one Women Director, 1 (one) Non-Executive Non Independent Director and 3 (three) Executive Directors. None of the Independent Directors of the Company serve as an Independent Director in more than seven listed Companies.

### Meetings of the Board

The Board of Directors met five times during the Financial Year 2016-17 ended on March 31, 2017. Board Meetings were held on May 10, 2016, August 4, 2016, August 26, 2016, November 15, 2016 and February 8, 2017. The maximum gap between any two Board Meetings was less than one hundred twenty days.

### Independent Directors

The Company has received necessary declarations from each of the Independent Director under Section 149(7) of the Companies Act, 2013, (Act) that he/she meets the criteria of Independence laid down in Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations.

The maximum tenure of Independent directors is in compliance with the Companies Act, 2013 and the terms and conditions of their appointment have been disclosed on the website of the Company (web link <http://www.triveniturbines.com/key-policies>).

### Familiarisation programme for Independent Directors

The Board/Committee members are provided with the necessary documents/brochures, reports and internal policies, codes of conduct to enable them to familiarise with the Company's procedure and practices. Directors

are regularly updated on performance of the business of the Company, business strategy going forward and new initiative being taken/proposed to be taken by the Company through presentation. Deep Discussion are conducted by the Senior Executives including the Industry/Market (Domestic & International), competition, Company's

performance, future outlook. Factory visits are organised as and when desirable/ expedient, for the Directors.

The details of the familiarisation programme of the Independent Directors are available on the Company's website at <http://www.triveniturbines.com/key-policies>

### Composition of Board

The composition of the Board of Directors, their attendance at the Meetings during the year and at the last Annual General Meeting as also the detail with regard to outside Directorships and committee positions are as under:

Name of Director and DIN	Category	No. of Board Meeting attended (Total Meetings held: 5)	Attendance at last AGM	No. of other Directorships <sup>***</sup>	No. of Committee positions held in other companies <sup>***</sup>	
					Chairman	Member
Mr. Dhruv M. Sawhney <sup>#</sup> Chairman & Managing Director DIN-00102999	Promoter & Executive Director	4	Yes	2	1	Nil
Mr. Nikhil Sawhney <sup>#</sup> Vice Chairman and Managing Director DIN-00029028	Promoter & Executive Director	5	Yes	3	Nil	1
Mr. Tarun Sawhney <sup>#</sup> DIN-00382878	Promoter & Non-Executive Director	5	Yes	3	Nil	2
Mr. Arun Prabhakar Mote <sup>**</sup> Executive Director DIN-01961162	Executive Director	5	Yes	1	Nil	Nil
Lt. Gen. K.K. Hazari (Retd.) <sup>**</sup> DIN-00090909	Independent Non Executive Director	5	No	3	1	2
Mr. Shekhar Datta <sup>**</sup> DIN-00045591	Independent Non Executive Director	5	Yes	4	2	2
Dr. (Mrs) Vasantha S Bharucha DIN-02163753	Independent Non Executive Director	5	Yes	2	Nil	1
Mr. Amal Ganguli* DIN-00013808	Independent Non Executive Director	4	Yes	9	5	5

\* Subsequent to FY 17 ended on March 31, 2017, Mr. Amal Ganguli ceased to be the Director of the Company, due to his death, w.e.f May 8, 2017.

# Mr. Tarun Sawhney and Mr. Nikhil Sawhney are sons of Mr. Dhruv M. Sawhney, Chairman & Managing Director of the Company and are thus related.

\*\* Excludes Directorships in Indian Private Limited Companies, Foreign Companies, Firms, Partnerships including LLPs, Section 8 Companies and membership of various Chambers and other non-corporate organisations.

\*\*\* The committees considered for the purpose are those prescribed under Regulation 26 of Listing Regulations i.e. Audit Committee and Stakeholders' Relationship Committee of public limited companies.

### Board Functioning and procedure

**Board Meeting Frequency and circulation of Agenda papers:** The Board and its Committees meet at regular intervals for discussion on agenda circulated well in advance by the Company. All material information is incorporated in the agenda for facilitating meaningful and focused discussion at the meeting. Where it is not practical to attach or send the relevant information as a part of agenda papers, the same are tabled at the Meeting. To meet the business exigencies or urgent matters the resolutions are passed by the Directors by Circulation.

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 as well as steps taken by the Company to rectify instances of non-compliances. The Board reviewed compliance reports prepared by the Company on quarterly periodicity.

**Presentations by the Management:** The senior management of the Company is invited at the Board meetings to make presentations covering performance



of the businesses of the Company, Strategy and Business Plans and to provide clarifications as and when necessary.

**Access to Employees:** The Directors bring an independent perspective on the issues deliberated by the Board. They have complete and unfettered access to any information of the Company and to any employee of the Company.

**Availability of Information to Board members include:**

- (i) Performance of business, business strategy going forward, new initiatives being taken/proposed to be taken and business plans of the Company.
- (ii) Annual operating plans and budgets including capital expenditure budgets and any updates.
- (iii) Quarterly results of the Company.
- (iv) Minutes of the meetings of the committees of the Board.
- (v) Show cause, demand, prosecution notices and penalty notices which are materially important.
- (vi) Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- (vii) Any material default in the financial obligations to and by the Company, or substantial non-payment for goods sold / services provided by the Company.
- (viii) 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.
- (ix) Details of any joint venture or collaboration agreement.
- (x) Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- (xi) Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement etc.
- (xii) Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business.
- (xiii) Quarterly details of foreign exchange exposures and the steps taken by the management to limit the risks of adverse exchange rate movement, if material.
- (xiv) Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

(xv) Statutory compliance report of all laws applicable to the Company.

(xvi) Details of the transactions with the related parties.

(xvii) General notices of interest of directors.

(xviii) Appointment, remuneration and resignation of Directors.

**Post Meeting follow up mechanism:** The important decisions taken by the Board at its meetings are promptly communicated to the concerned departments/divisions. Action taken report on the decisions of the previous meeting(s) is placed at the immediately succeeding meeting of the Board for information and review by the Board.

**Re-appointment of Director:** The information/details pertaining to Director seeking re-appointment in ensuing Annual General Meeting (AGM), is provided in the notice for the AGM. The Notice contains the relevant information, like brief resume of the Director, nature of his expertise in specific functional areas and names of the companies in which he holds Directorship and membership of any Committee of the Board.

## II COMMITTEES OF THE BOARD

The Board Committees play a crucial role in the governance structure of the Company and are constituted to deal with specific areas/activities which concern the Company and are considered to be performed by members of the Board. The Board supervises the execution of its responsibilities by the committees and is responsible for their action. The minutes of the meetings of all the committees are placed before the Board. The Board committees can request special invitees to join the meeting as appropriate. The Board has currently constituted the following committees with adequate delegation of powers to discharge business of the Company:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Stakeholders' Relationship Committee
4. Corporate Social Responsibility Committee

Details of the role and composition of these committees, including the number of meetings held during the financial year and the related attendance are provided below:

### 1. Audit Committee

#### Composition, Meetings and Attendance

The Audit Committee is headed by an Independent Director and consists of the members as stated below. During the year ended on March 31, 2017,

the Committee held four meetings on May 9, 2016, August 4, 2016, November 15, 2016, and February 8, 2017. The maximum gap between any two meetings was less than one hundred and twenty days. The composition and attendance detail of each Committee member is as under:

Name of the Members	Category	No. of meetings	
		Held	Attended
Lt. Gen. K.K. Hazari (Retd.) Chairman*	Independent Non Executive Director	4	4
Mr. Nikhil Sawhney	Promoter & Executive Director	4	4
Dr. (Mrs.) Vasantha S. Bharucha	Independent Non Executive Director	4	4
Mr. Amal Ganguli**	Independent Non Executive Director	4	3

\*Appointed as Chairman w.e.f February 8, 2017.

\*\* Ceased to be a member, due to his death, w.e.f May 8, 2017.

The Company Secretary acts as the Secretary of the Audit Committee.

The then Chairman of the Audit Committee, Mr. Amal Ganguli attended the 21<sup>st</sup> AGM held on August 4, 2016 to answer the shareholders query.

#### The terms of reference of the Committee inter-alia include:

- (i) Reviewing the Company's financial reporting process and its financial statements.
- (ii) Reviewing the accounting and financial policies and practices and compliance with applicable accounting standards.
- (iii) Reviewing the efficacy of the internal control mechanism, monitor risk management policies adopted by the Company and ensure compliance with regulatory guidelines.
- (iv) Reviewing reports furnished by the internal and statutory auditors, and ensure that suitable follow-up action is taken.
- (v) Examining accountancy and disclosure aspects of all significant transactions.
- (vi) Reviewing with management the quarterly, half yearly & annual financial statements including review of qualifications, if any, in the audit report before submission to the Board for approval.
- (vii) Recommending appointment of Statutory and internal auditors and fixation of audit fees.
- (viii) Seeking legal or professional advice, if required.

- (ix) Approval or any subsequent modifications of transactions of the Company with related parties.
- (x) Scrutiny of Inter-Corporate loans and investments.
- (xi) Valuation of undertakings or assets of the Company, wherever required.

Based on the discussion with the Management and auditors, the committee has recommended the following to the Board:

- 1 Audited Standalone Financial statements prepared in accordance with IND As for the year ended March 31, 2017 be accepted by the Board as true and fair statement.
2. Audited Consolidated Financial statement prepared in accordance with IND As and its subsidiaries for the year ended March 31, 2017 be accepted as true and fair statement.

#### 2. Nomination & Remuneration Committee ( NRC)

##### Composition, Meetings and Attendance

The Nomination & Remuneration Committee is headed by an Independent Director and consists of the members as stated below. During the year ended on March 31, 2017, the Committee held three meetings on May 10, 2016, August 4, 2016 and February 8, 2017. During the FY 17, the committee was reconstituted by induction of Dr. (Mrs.) Vasantha S Bharucha as its member whereas Gen Hazari ceased to be a member w.e.f February 8, 2017. The composition and attendance details of each Committee member is as under:

Name of the Members	Category	No. of meetings	
		Held	Attended
Mr. Shekhar Datta Chairman	Independent Non Executive Director	3	3
Mr. Tarun Sawhney	Promoter and Non Executive Director	3	3
Dr ( Mrs) Vasantha S Bharucha *	Independent Non Executive Director	-	-
Lt. Gen. K.K. Hazari (Retd.)**	Independent Non Executive Director	3	3
Mr. Amal Ganguli***	Independent Non Executive Director	3	2

\* Appointed w.e.f February 8, 2017.

\*\* Ceased w.e.f February 8, 2017

\*\*\* Ceased to be a member, due to his death, w.e.f May 8, 2017

#### The broad terms of reference of the Committee are to :

- Identify persons who are qualified to become Directors (Executive, Non-Executive and Independent Directors) and who may be appointed in senior management in accordance with the criteria laid down.

- Recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
- Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board, a policy relating to the remuneration for the directors (Executive, Non-Executive and Independent Directors), key managerial personnel and other employees.
- Plan for succession of Board members and Key Managerial Personnel;
- Devise a policy on Board diversity;
- Formulate and administer the Company's Employee Stock Option Scheme from time to time in accordance with SEBI guidelines; and
- Review the adequacy of aforesaid terms of reference and recommend any proposed change to the Board for its approval.

### Remuneration Policy

In terms of the provisions of the Companies Act, 2013 and the listing agreement the Board of Directors of the Company has adopted Nomination and Remuneration Policy for nomination and remuneration of Directors, KMP and Senior Management. The Nomination and Remuneration Policy is available on the website of the Company (web link- <http://www.triveniturbines.com/key-policies>).

www.triveniturbines.com/key-policies. There has been no change in the policy since last fiscal.

### Board Evaluation

The Nomination and Remuneration Committee has laid down the criteria for evaluation of performance of Directors based on the indicators provided in the Remuneration Policy. The performance evaluation of Independent Directors (IDs) was done by the entire Board of Directors, *excluding the ID being evaluated*, based on parameters, such as, number of meetings attended, inputs and contribution made, independence of judgement, effectiveness etc. The Chairman and Managing Director, Vice Chairman and Managing Director and the Executive Directors evaluates the Senior Management Personnel, including KMPs considering the competencies/indicators provided in the Remuneration policy.

### Remuneration to Executive Directors

The remuneration to the Executive Directors is recommended by the Nomination and Remuneration Committee to the Board and after approval by the Board, the same is put up for the Shareholders approval. Executive Directors do not receive any sitting fees for attending the Board and Committee meetings.

During the Financial Year 2016-17, the Company had three (3) Executive Directors viz. Mr. Dhruv M. Sawhney, Chairman & Managing Director (CMD), Mr. Nikhil Sawhney, Vice Chairman & Managing Director (VCMD) and Mr. Arun Prabhakar Mote, Executive Director (ED).

The details of remuneration paid/payable to CMD, VCMD & ED during the Financial Year 2016-17 are as under:

(₹ in million)

Name of the Executive Director	Mr. Dhruv M. Sawhney CMD	Mr. Nikhil Sawhney VCMD	Mr. Arun Prabhakar Mote ED
No. of shares held as on march 31, 2017.	24924645	15071557	72000
Service Period	10.05.2016 to 09.05.2019	10.05.2016 to 09.05.2021	01.11.2016 to 31.10.2018
Salary	Nil	23.92	18.71
Performance Bonus/Commission	Nil	Nil	Nil
Contribution to PF & other funds	Nil	4.03	0.97
Other perquisites	Nil	2.24	1.09
<b>Total</b>	Nil	30.19	20.77

In accordance with shareholders approval Mr. Dhruv M. Sawhney has not been drawing any remuneration from this Company (in his capacity as Chairman and Managing Director of the Company). He has been drawing remuneration from the foreign step-down subsidiary namely, Triveni Turbines DMCC, Dubai. As per the terms of contract he is entitled to a basic salary of 1,50,000 AEDs per month.

### Remuneration to Non-Executive Directors (NEDs)

The Company pays sitting fee to its NEDs for attending the meetings of the Board and its Committees. In addition to the sitting fees, the Company pays commission to its NEDs within the limits approved by the shareholders of the Company. The said commission is decided by the Board and distributed to NEDs based on their contribution during Board/Committee meetings,



as well as time spent on operational/ strategic matters other than at meetings. The details of the remuneration paid/provided during the Financial Year 2016-17 to NEDs are as under:

Name of the Non-Executive Director	Sitting Fees for the year ended March 31, 2017	Commission for the year ended March 31, 2017	(₹ in million)
			No. of shares held as on March 31, 2017
Mr. Tarun Sawhney	0.44	1.20	14,266,775
Lt. Gen. K.K. Hazari (Retd.)	0.62	1.40	-
Mr. Shekhar Datta	0.40	1.20	10,000
Dr. (Mrs) Vasantha S. Bharucha	0.47	1.40	-
Mr. Amal Ganguli	0.45	1.20	-

None of the Independent / Non-Executive Directors has any pecuniary relationship or transactions with the Company, its promoters and its senior management, its subsidiaries and associate companies except for the payment of remuneration as stated above. Lt. Gen. K.K. Hazari (Retd.) and Mr. Shekhar Datta, Independent Directors are also on the Board of Directors of Triveni Engineering & Industries Ltd. (TEIL), one of the promoter companies and have received sitting fees as a Director/Committee member from that Company. Whereas Mr Tarun Sawhney, Promoter & Non Executive Director is the Vice Chairman and Managing Director of TEIL and has drawn remuneration from that Company.

During the year, the Company has not issued any stock option to its Directors including Independent Directors under its ESOP Schemes.

### 3. Stakeholders' Relationship Committee

#### Composition, Meetings and Attendance

The Stakeholders' Relationship Committee is headed by an Independent Director and consists of the members as stated below. During the year ended on March 31, 2017, the Committee held four meetings on May 9, 2016, August 3, 2016, November 15, 2016 and February 8, 2017. There has been no change in the composition of the committee during year.

The Company Secretary is the Compliance Officer of the Company.

Name of the Members	Category	No. of meetings	
		Held	Attended
Lt. Gen. K. K. Hazari (Retd.)-Chairman	Independent Non Executive Director	4	4
Mr. Nikhil Sawhney	Promoter and Executive Director	4	4
Mr. Tarun Sawhney	Promoter and Non Executive Director	4	4

#### Function and term of reference:

The Committee has the mandate to look into and review the actions for redressal of security holders grievances such as non-receipt of transferred/ transmitted share certificates/ annual report/ refund orders/ declared dividend etc. as also to review the reports submitted by the Company Secretary relating to approval/ confirmation of requests for share transfer/ transmission/ transposition/ consolidation/ issue of duplicate share certificates/ sub-division, remat, demat of shares etc. from time to time.

#### Details of Investor complaints

During the FY 17 ended on March 31, 2017, the Company received complaints from various shareholders / investors relating to non-receipt of dividend, annual report etc. All of them were resolved / replied suitably by furnishing the requisite information /documents. Details of investor complaints received and resolved during the FY 17 are as follows:

Opening Balance	Received	Resolved	Pending
Nil	9	9	Nil

Further there were no pending share transfers and requests for dematerialisation as on March 31, 2017. Number of Complaints received during the year as a percentage of total number of members as on March 31, 2017 is 0.03%.

### 4. Corporate Social Responsibility Committee

#### Composition, Meetings and Attendance

The Corporate Social Responsibility Committee is headed by an Executive Director and consists of the members as stated below. During the year ended on March 31, 2017, the Committee met once on November 15, 2016. All committee members attended the meeting. The committee was reconstituted during the year by induction of Lt Gen. K. K. Hazari (Retd) as member of the Committee. Dr. (Mrs.) Vasantha S Bharucha ceased

to be the member of the Committee w.e.f February 8, 2017. The composition and attendance detail of each Committee member is as under:

Name of the Members	Category	No. of meetings	
		Held	Attended
Mr. Nikhil Sawhney Chairman	Promoter and Executive Director	1	1
Mr. Tarun Sawhney	Promoter and Non Executive Director	1	1
Mr. Arun Prabhakar Mote Lt Gen . K. K. Hazari (Retd) *	Executive Director Independent Non Executive Director	1 -	1 -
Dr. (Mrs.) Vasantha S. Bharucha**	Independent Non Executive Director	1	1

\*Appointed w.e.f. February 8, 2017.

\*\*Ceased w.e.f February 8, 2017

#### Function and term of reference:

In accordance with the provisions of Companies Act, 2013, the Committee is authorised to formulate and recommend

to the board, a CSR policy indicating the activity or activities to be undertaken by the Company as specified in Schedule VII of the Companies Act 2013; recommend amounts to be spent on these activities; review the Company's CSR policy periodically and monitor the implementation of the CSR projects by instituting a structured and effective monitoring mechanism.

The constitution and term of reference of the CSR Committee meet the requirements of relevant provisions of the Companies Act, 2013.

#### Other Functional Committees

##### Operations Committee

Apart from the above statutory committees, the Board of Directors has constituted an Operations Committee comprising of four (4) Directors to oversee routine items that are in the normal course of the business. The Board of Directors have delegated certain powers to this Committee to facilitate the working of the Company.

### III GENERAL BODY MEETINGS

Particulars of the last three Annual General Meetings are as follows:

Year	Date & Day	Location	Time	Special Resolution
2015-16	August 04, 2016 Thursday	Expo Centre, A-11, Sector-62, NH-24, Noida-201301	10.30 am	<ol style="list-style-type: none"> <li>Approval for re-appointment of Mr. Dhruv M. Sawhney as Managing Director of the Company (designated as Chairman and Managing Director) for three years from May 10, 2016 to May 9, 2019.</li> <li>Approval for re-appointment of Mr. Nikhil Sawhney as Managing Director of the Company (designated as Vice – Chairman and Managing Director) for five years from May 10, 2016 to May 9, 2021.</li> </ol>
2014-15	August 06, 2015 Thursday	Expo Centre, A-11, Sector-62, NH-24, Noida-201301	11.00 am	<ol style="list-style-type: none"> <li>Approval to permit FII's registered with SEBI to acquire and hold on their own account and on behalf of their SEBI approved sub-accounts or Foreign Portfolio Investors to make investment in the equity shares of the Company up to an aggregate limit of 49% of the paid-up equity share capital of the Company.</li> <li>Approval for execution of a material contract for turbine extended scope project of the outstanding value of ₹ 20 crore plus applicable taxes and duties and escalation, if any, outsourced by Triveni Engineering and Industries Ltd to the Company and for entering into contracts/arrangements/transactions with GE Triveni Ltd. Upto a limit not exceeding ₹ 200 crore in any financial year.</li> </ol>
2013-14	August 08, 2014 Friday	Expo Centre, A-11, Sector-62, NH-24, Noida-201301	10:30 am	<ol style="list-style-type: none"> <li>Approval to the re-appointment of Mr. Arun Prabhakar Mote as a Whole time Director of the Company (Designated as Executive Director) for a period of 2 years w.e.f. November 1, 2014 and payment of remuneration.</li> <li>Approval for continuance of holding of office by Chairman and Managing Director, Mr. Dhruv M. Sawhney, for the remaining period of his tenure as a Director liable to retire by rotation.</li> <li>Alteration of Articles of Association by insertion/ substitution of certain clauses.</li> </ol>

There was no Extra-Ordinary General Meeting held during the Financial Year 2016-17 ended on March 31, 2017.

## Postal Ballot

### a. Details of the special/ordinary resolutions passed by the Company through postal ballot:

During the FY 17 ended on March 31, 2017, the Company sought approval from its shareholders for passing of two special resolutions as set out in the Postal Ballot Notice dated February 8, 2017 through the process of Postal Ballot. The details of these resolutions alongwith the snap shot of the voting results are as follows

Date of Postal Ballot Notice : February 8, 2017

Voting Period: March 2, 2017 (9 a.m.) to March 31, 2017 (5 p.m.)

Date of Result of Postal Ballot: April 4, 2017

Date of approval : March 31, 2017

Sr. No.	Detail of Special Resolution	Number of Vaild Postal Ballot received	Votes Cast in favour of the Resolution		Votes Cast against the Resolution	
			No	%	No	%
1	Re-appointment of Lt. Gen. Kanwal Kishan Hazari (Retd.) as an Independent Director of the Company w.e.f 1.4.2017 till the conclusion of 25th Annual General Meeting of the Company.	289531731	288869230	99.77	662501	0.23
2	Re-appointment of Mr. Arun Prabhakar Mote as Whole-time Director for two (2) years w.e.f 1.11.2016 on the remuneration and terms and conditions as set out in the explanatory statement of the notice	289531731	289529227	99.99	2504	0.01

### b. Whether any special resolution is proposed to be conducted through postal ballot and the procedure thereof:

As on date, the Company does not have any proposal to pass any special resolutions by way of Postal Ballot.

majority on March 31, 2017. The voting results were also sent to the Stock Exchanges and also displayed on the Company's website etc.

### c. Procedure for Postal Ballot:

The Company conducted the postal ballot in accordance with the provisions of Section 110 of the Act read with relevant rules. Mr. Suresh Gupta a Practising Company Secretary was appointed as Scrutiniser for conducting the postal ballot process in a fair and transparent manner. Dispatch of Postal Ballot notice along with postal ballot form etc. was made to the shareholders who had not registered their e-mail IDs with the Company/Depositories and the said documents were sent by e-mail to those shareholders whose e-mail IDs were registered with the Company/Depositories. A notice was published in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the provisions of the Act. In compliance with the relevant provisions of the Act and SEBI Listing Regulations, the Company had offered facility of e-voting to its members to cast their vote electronically. Upon completion of scrutiny, the scrutiniser submitted his report to the Company and the results of the postal ballot were announced. Both the above resolutions were passed with the requisite

## Means of Communication

**(a) Quarterly Results:** The Unaudited quarterly/ half yearly financial results and the annual audited financial results of the Company were published in National English and Hindi newspapers and displayed on the website of the Company at [www.triveniturbines.com](http://www.triveniturbines.com) and the same were also sent to all the Stock Exchanges where the equity shares of the Company are listed. The Investors briefs were also sent to Stock Exchanges.

**(b) Website [www.triveniturbines.com](http://www.triveniturbines.com):** Detailed information on the Company's business and products; quarterly/half yearly/nine months and annual financial results, Investor brief and the quarterly distribution of Shareholding are displayed on the Company's website.

**(c) Teleconferences and Press conferences, Presentation etc.:** The Company held quarterly Investors Teleconferences and Press Conferences for the investors of the Company after the declaration of the Quarterly/Annual Results. The Company made presentations to institutional investors/analysts during the period which are available on the Company's website.



**(d) Exclusive email ID for investors:** The Company has designated the email id shares.ttl@trivenigroup.com exclusively for investor servicing, and the same is prominently displayed on the Company's website www.triveniturbines.com. The Company strives to reply to the Complaints within a period of 6 working days.

**(e) Annual Report:** Annual Report contains inter-alia Audited Annual Standalone Financial Statements/ Consolidated Financial Statements, Directors' Report, and Auditors' Report. The Management Perspective, Business Review and Financial Highlights are also part of the annual report.

**(f) The Management Discussion & Analysis:** The Management Discussion & Analysis Report forms part of the Annual Report.

**(g) Intimation to Stock Exchanges:** The Company intimates stock exchanges all price sensitive information or such other information which in its opinion are material & of relevance to the shareholders. The Company also submits electronically various compliance reports/ statements periodically in accordance with the provisions of the Listing Regulations on NSE and BSE's Electronic Filing Systems.

#### General Shareholder Information

##### (a) Annual General Meeting

Date & Day : August 9, 2017, Wednesday  
 Time : 4.00 p.m.  
 Venue : Stardom Convention,  
 Ground Floor  
 C1, World Trade Tower,  
 Sector 16, Noida 201 301, U.P.  
 Financial Year : April to March  
 Book Closure date : August 7, 2017 to  
 August 9, 2017  
 (both days inclusive)

##### (b) Financial Year: April to March

###### Financial Calendar for the financial year 2017-18 (tentative)

Financial Reporting for the 1 <sup>st</sup> Quarter ending June 30, 2017	By mid of August, 2017
Financial Reporting for the 2 <sup>nd</sup> Quarter ending September 30, 2017	By mid of November, 2017
Financial Reporting for the 3 <sup>rd</sup> Quarter ending December 31, 2017	By mid of February, 2018
Financial Reporting for the Annual Audited Accounts ending March 31, 2018	By the end of May, 2018

##### (c) Listing on Stock Exchanges

The Company's equity shares are listed at the following Stock Exchanges:

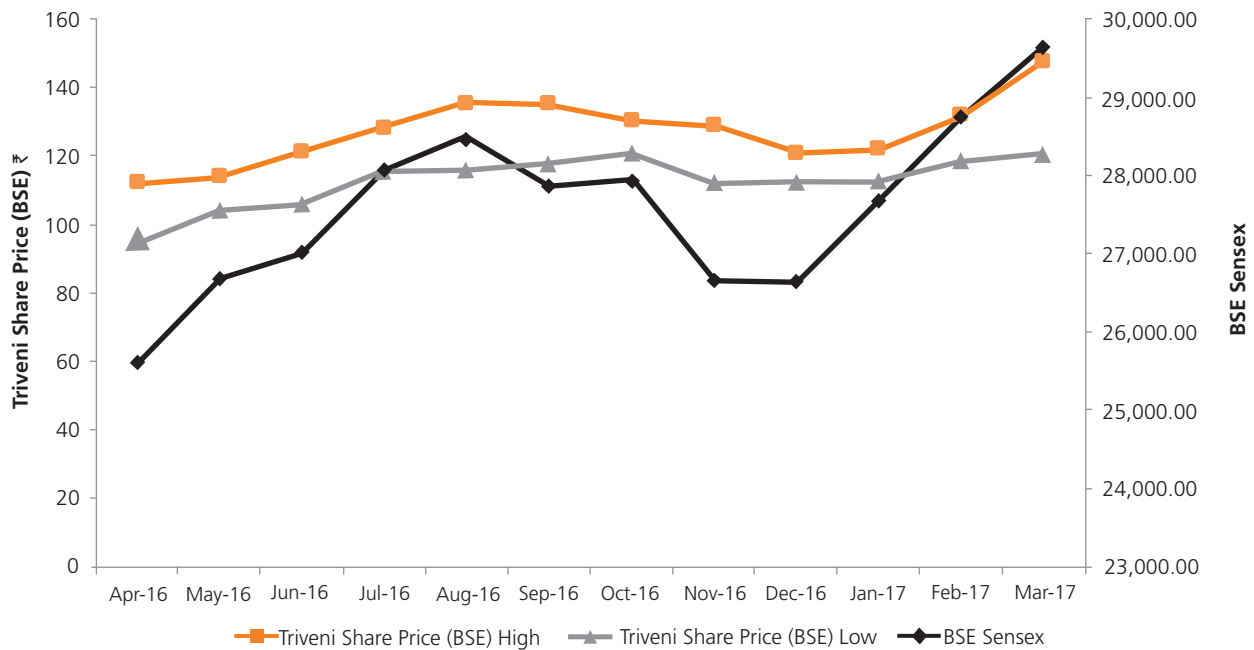
Sl. No.	Name and Address of Stock Exchanges	Stock Code
1.	BSE Ltd. Phiroze Jeejeebhoy Towers Dalal Street, Fort, Mumbai – 400 023.	533655
2.	National Stock Exchange of India Ltd. Exchange Plaza, 5th Floor Plot No. C/1, G Block, Bandra (E) Mumbai – 400 051.	TRITURBINE

The Company has paid the listing fees upto the Financial Year 2017-2018 to both the aforesaid Stock Exchanges.

##### (d) Market Price Data/Stock Performance: Financial Year 17 ended on March 31, 2017

During the year under report, the trading in Company's equity shares was from 1<sup>st</sup> April 2016 to March 31, 2017. The high low price during this period on the BSE and NSE was as under:

Month	(in ₹)			
	Bombay Stock Exchange (BSE)		National Stock Exchange (NSE)	
	High	Low	High	Low
April, 2016	112.00	95.20	112.50	95.20
May, 2016	113.95	104.00	114.00	105.00
June, 2016	121.00	105.50	121.10	105.50
July, 2016	127.75	115.20	127.65	115.00
August, 2016	135.00	115.50	135.50	115.00
September, 2016	135.00	117.40	135.70	115.00
October, 2016	130.00	120.65	130.50	121.00
November, 2016	129.00	112.00	129.00	114.35
December, 2016	120.85	112.00	121.25	112.35
January, 2017	122.20	112.50	122.00	112.15
February, 2017	131.50	118.35	130.00	117.30
March, 2017	147.45	120.00	147.30	120.00

**(e) Performance of the Share Price of the Company in comparison to the BSE Sensex****(f) Registrar & Share Transfer Agent**

M/s Alankit Assignments Ltd.,  
Alankit Heights  
Unit: Triveni Turbine Limited  
1E/13, Jhandewalan Extension,  
New Delhi-110 055.  
Phone: 011-42541234, 23541234,  
Fax: 011-42541967  
Email: rta@alankit.com

issue of duplicate share certificates/ sub-division, consolidation, remat, demat and perform other related activities in accordance with the Listing Regulations and SEBI (Depositories and Participants) Regulations, 1996 and submit a report in this regard to Stakeholders' Relationship Committee at every meeting.

**(g) Share Transfer System**

The Company's share transfer authority has been delegated to the Company Secretary/ Registrar and Transfer Agent M/s Alankit Assignments Ltd. who generally approves and confirm the request for share transfer/ transmission/ transposition/ consolidation/

The shares sent for physical transfer are registered and returned within the stipulated period from the date of receipt of request, if the documents are complete in all respects. As per the requirement of regulation 40(9) of the Listing Regulations, a certificate on half yearly basis confirming due compliance of share transfer/transmission formalities by the Company from Practicing Company Secretary has been submitted to Stock Exchanges within stipulated time.

**(h) Distribution of Equity Shareholding as on March 31, 2017**

Group of Shares	Number of shareholders	% to total Shareholders	Number of Shares held	% to Total Shares
1-500	27176	91.01	2827590	0.86
501-1000	1255	4.20	983344	0.30
1001-2000	683	2.29	996179	0.30
2001-3000	216	0.72	544159	0.16
3001-4000	98	0.33	352396	0.11
4001-5000	80	0.27	376011	0.11
5001-10000	134	0.45	986966	0.30
10001 & above	218	0.73	322905505	97.86
<b>Total</b>	<b>29860</b>	<b>100.00</b>	<b>329972150</b>	<b>100.00</b>

**(i) Shareholding Pattern of Equity Shares as on March 31, 2017**

Category	Number of Shares held	Shareholding %
Indian Promoters	223504533	67.73
Mutual Funds/UTI	20436754	6.19
Banks, Financial Institutions, Insurance Cos	18727	0.01
FIs	51326766	15.56
Foreign Portfolio Investor	17502209	5.30
Bodies Corporate	2382115	0.72
Indian Public(*)	13310423	4.04
NRIs/OCBs	1295398	0.39
Others – Clearing Members & Trust	195225	0.06
<b>Total</b>	<b>329972150</b>	<b>100.00</b>

(\*) Includes 109650 equity shares held by directors and their relatives.

**(j) Dematerialisation of Shares & Liquidity**

The Company's equity shares are compulsorily traded in the electronic form. The Company has entered into an Agreement with NSDL and CDSL to establish electronic connectivity of its shares for scripless trading. Both NSDL & CDSL have admitted the Company's equity share on their system.

The system for getting the shares dematerialised will be as under:

Share Certificate(s) along with Demat Request Form (DRF) will be submitted by the shareholder to the Depository Participant (DP) with whom he/she has opened a Depository Account.

DP will process the DRF and generates a unique number DRN.

DP will forward the DRF and share certificates to the Company's Registrar and Share Transfer Agent.

The Company's Registrar and Share Transfer Agent after processing the DRF will confirm or reject the request to the Depositories.

**(n) Unclaimed Dividend**

During the Financial Year 2016-17 no amount was required to be transferred to the Investor Education and Protection Fund (IEPF), administered by the Central Government under Section 125 of the Companies Act, 2013. The dividends which remain unclaimed for 7 years will be transferred by the Company to the said IEPF on the due dates as given hereunder:

Financial Year/Period	Whether Interim/Final	Date of declaration of dividend	Due date for transfer to IEPF
2011-12	1 <sup>st</sup> interim dividend	27.10.2011	26.10.2018
2011-12	2 <sup>nd</sup> interim dividend	13.01.2012	12.01.2019
2011-12	Final dividend	16.07.2012	15.07.2019
2012-13	Interim dividend	29.10.2012	28.10.2019

Upon confirmation, the Depository will give the credit to shareholder in his/her depository account maintained with DP.

As on March 31, 2017, 99.95% of total equity share capital of the Company were held in dematerialised form. The ISIN allotted in respect of equity shares of ₹ 1/- each of the Company by NSDL/CDSL is INE152M01016. Confirmation in respect of the requests for dematerialisation of shares is sent to NSDL and CDSL within the stipulated period.

**(k) Outstanding GDR/ADR or Warrants**

As on date there are no Global Depository Receipts (GDR), American Depository Receipt (ADR), Warrants or any other convertible instrument.

**(l) Commodity price risk or foreign exchange risk and hedging activities**

Based on the products manufactured or dealt with by the Company, the Company is not exposed to any material commodity price risks. The Company is exposed to foreign exchange risk mainly in respect of exposures relating to export orders. The Company remains substantially hedged through appropriate derivative instruments to minimise the risk and to take advantage of forward premium. The details of unhedged foreign currency exposures and hedging are disclosed in notes to the financial statements.

**(m) Reconciliation of Share Capital Audit**

As stipulated by SEBI, a qualified Practising Company Secretary carries out Reconciliation of Share Capital Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges. The Audit confirms that the total listed and paid-up capital is in agreement with the aggregate of the total number of shares in dematerialised form and in physical form.



Financial Year/Period	Whether Interim/Final	Date of declaration of dividend	Due date for transfer to IEPF
2012-13	Final Dividend	01.08.2013	31.07.2020
2013-14	Interim Dividend	06.11.2013	05.11.2020
2013-14	Final Dividend	08.08.2014	07.08.2021
2014-15	Interim Dividend	08.09.2014	07.09.2021
2014-15	Final Dividend	06.08.2015	05.08.2022
2015-16	1 <sup>st</sup> Interim Dividend	06.11.2015	05.11.2022
2015-16	2 <sup>nd</sup> Interim Dividend	16.03.2016	15.03.2023
2016-17	Interim Dividend	04.08.2016	03.08.2023

Shareholders who have not so far encashed their dividend warrant(s) or have not received the same are requested to seek issuance of duplicate warrant(s) by writing to the Company confirming non-encashment/non-receipt of dividend warrant(s).

#### (o) Locations

Registered Office  
A-44, Hosiery Complex, Phase II Extension,  
Noida-201305, (U.P.)  
STD Code: 0120  
Phone: 4748000, Fax: 4243049

#### Share Department

Triveni Turbine Ltd.  
8<sup>th</sup> Floor, Express Trade Towers,  
15-16, Sector 16A, Noida-201 301, (U.P.)  
Phone: 0120-4308000; Fax:- 0120-4311010-11  
Email: shares.ttl@trivenigroup.com

Detailed information on plant/business locations is provided elsewhere in the Annual Report.

Please contact the Compliance Officer of the Company at the following address regarding any questions or concerns:

Mr. Rajiv Sawhney  
Company Secretary  
Triveni Turbine Ltd.  
8th Floor, Express Trade Towers,  
15-16, Sector 16A, Noida-201 301.  
Tel. :- 0120-4308000; Fax :- 0120-4311010-11  
e-mail :- shares.ttl@trivenigroup.com

## OTHER DISCLOSURES

### • Related Party Transactions

During the year there was no materially significant related party transaction which may have potential conflict with the interest of the Company. The Company has formulated a Related Party Transaction policy which has been uploaded on its website at <http://www.triveniturbines.com/key-policies> Details of related party information and

transactions are being placed before the Audit Committee from time to time. The details of the related party transactions during the year have been provided in Note No. 36 to the financial statements.

### • Disclosures of Accounting Treatment

In the financial statements for the year ended March 31, 2017, the Company has followed the treatment as prescribed in the applicable Accounting Standards.

### • Details of Non-Compliance by the Company, penalties, stricture imposed on the Company by the Stock Exchanges, SEBI or any statutory authorities or any matter related to capital markets.

The Company has complied with all the requirements of the Stock Exchanges/the Regulations and guidelines of SEBI and other Statutory Authorities on all matters relating to capital markets. No penalties or strictures have been imposed by SEBI, Stock Exchanges or any statutory authorities on matters relating to capital markets during the last three years.

### • Whistle Blower Policy and Affirmation that no personnel has been denied access to the Audit Committee

The Company has established a vigil mechanism through a Whistle Blower Policy for directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy. The mechanism provides for adequate safeguards against victimisation of director(s) / employee(s) who express their concerns and also provides for direct access to the Chairman of the Audit Committee in exceptional cases. During the year under review, no personnel was denied access to the Audit Committee.

### • Code for prevention of Insider Trading

The Company has instituted code on prevention of insider trading in compliance with the SEBI (Prohibition of Insider Trading) Regulations. The Code lays down the guidelines which advise on procedures to be followed and disclosures

to be made, while dealing in shares of the Company and the consequences of the non-compliances.

- **Code of conduct for Directors and Senior Executives**

The Company has laid down a Code of Conduct for all Board Members and the Senior Executives of the Company. The Code of conduct is available on the Company's website [www.triveniturbines.com](http://www.triveniturbines.com). The code of conduct was circulated to all the members of the Board and senior management personnel and they have affirmed their compliance with the said code of conduct for the financial year ended March 31, 2017. A declaration to this effect signed by the Chairman & Managing Director is given below:

#### **To the Shareholders of Triveni Turbine Ltd.**

##### **Sub.: Compliance with Code of Conduct**

I hereby declare that all the Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors and applicable to them for the Financial Year ended March 31, 2017.

Place: Noida (U.P.)

**Dhruv M. Sawhney**

Date: May 18, 2017

Chairman and Managing Director

#### **CEO/CFO CERTIFICATION**

The Chairman and Managing Director, Executive Director and Executive Vice President & CFO 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 Regulation 17 (8) of Listing Regulations, for the year ended March 31, 2017. The said certificate forms part of the Annual Report.

#### **Details of compliance with mandatory requirements and adoption of the non-mandatory requirements**

The details of mandatory requirements are mentioned in this Report. The Company is in compliance with the requirements specified under Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations, as applicable, with regard to corporate governance.

Further, as required under the SEBI Regulations, the Company has adopted Policy on Preservation of Documents, Archival Policy and Policy for determination of Materiality. The status of adoption of the discretionary requirement as prescribed in Schedule II Part E of the Listing Regulations is as under

#### **Modified opinion(s) in audit report**

The opinion expressed by the Auditor in the audit report on the financial statements for the year ended March 31, 2017 is unmodified.

#### **Subsidiaries Companies**

The Company has two unlisted International subsidiary Companies i.e. Triveni Turbines Europe Pvt. Ltd. (TTE), domiciled in the UK, and Triveni Turbines DMCC (TTD) domiciled in Dubai, UAE in which TTE holds its entire 100% shareholding, Besides the Company has an unlisted Indian subsidiary company i.e. GE Triveni Limited wherein the Company holds 50% plus one equity share.

None of these subsidiaries are "Material Non-Listed Subsidiary" in terms of Regulation 16 of Listing Regulations. Accordingly, as on March 31, 2017, the Company had two direct subsidiaries and one step down subsidiary. The Company has a policy for determining Material Subsidiary which can be viewed in the Company's web site at <http://www.triveniturbines.com/sites/default/files/material-subsubsidiary-policy.pdf>.

The Company regularly places before the board, minutes of the Subsidiaries Companies.

#### **Compliance Certificate on Corporate Governance from the Auditor**

The certificate dated May 18, 2017 from the Statutory Auditors of the Company (M/s J. C. Bhalla & Co.) confirming compliance with the Corporate Governance requirements as stipulated under Listing Regulations is annexed hereto.

The above report has been adopted by the Board of Directors of the Company at their meeting held on May 18, 2017.

For and on behalf of the Board of Directors

Place: Noida (U.P.)

**Dhruv M Sawhney**

Date: May 18, 2017

Chairman and Managing Director

# ANNEXURE-C

## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

Auditors' Certificate on Compliance of regulations of Corporate Governance as stipulated in regulations Part C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")

To  
The Members of  
Triveni Turbine Limited

We have examined the compliance of conditions of corporate governance by Triveni Turbine Limited for the year ended March 31, 2017 as stipulated in Regulations Part C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of conditions of Regulations of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated in the said regulations. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the Regulations of Corporate Governance as stipulated in the above mentioned Listing Regulations.

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

For and on behalf of  
**J. C. Bhalla & Company**  
Chartered Accountants  
FRN No.001111N

Place: Noida (U.P.)  
Date: May 18, 2017

**(Sudhir Mallick)**  
Partner  
Membership No.80051

## CEO/CFO CERTIFICATION

To  
The Board of Directors  
Triveni Turbine Limited

Sub: CEO/CFO certification under Regulation 17 (8) of Listing Regulations

We, Dhruv M. Sawhney, Chairman and Managing Director, Arun Prabhakar Mote, Executive Director and Deepak Kumar Sen, Executive Vice President & CFO certify to the Board that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2017 and that to the best of our knowledge and belief:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violate of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee:
  - (i) That there were no significant changes in internal control over financial reporting during the year;
  - (ii) There were no significant changes in accounting policies during the year; and
  - (iii) That there were no instances of significant fraud, of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**Deepak Kumar Sen**  
Executive Vice President & CFO

**Arun Prabhakar Mote**  
Executive Director

**Dhruv M. Sawhney**  
Chairman and Managing Director

Place: Noida (U.P.)  
Date: May 18, 2017



# ANNEXURE-D

## SECRETARIAL AUDIT REPORT

For the financial year ended March 31, 2017

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Triveni Turbine Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

### We report that

- a) Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- b) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- c) We have not verified the correctness and appropriateness of the financial statements of the Company.
- d) Wherever required, we have obtained the Management representation about the compliances of laws, rules, regulations and standards and happening of events etc.
- e) The compliance of the provisions of the corporate and other applicable laws, rules, regulations and standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
- f) The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2017 ("Audit Period") 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) \*The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) \*The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014;
  - (e) \*The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
  - (g) \*The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
  - (h) \*The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and

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

\* No event took place under these regulations during the Audit period.

We have also examined compliance with the applicable clauses of the Secretarial Standards on Meetings of the Board of Directors and on General Meetings issued by the Institute of Company Secretaries of India.

During the audit period, the Company has complied with the provisions of the Act, Rules, Regulations and Guidelines, to the extent applicable.

- (vi) The Company is a leading manufacturer of industrial steam turbine. Following are some of the laws specifically applicable to the Company, being in heavy industry:-
- Batteries (Management and Handling) Rules, 2001 and made under Environment(Protection) Act, 1986;
  - Petroleum Act, 1934 and rules made there under;

We have checked the compliance management system of the Company to obtain reasonable assurance about the adequacy of systems in place to ensure compliance of specifically applicable laws and this verification was done on test basis. In our opinion and to the best of our information and according to explanations given to us, we believe that the compliance management system of the Company seems adequate to ensure compliance of laws specifically applicable to the Company.

**We 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 audit period were carried out in compliance with the provisions of the Act.

Adequate notices were given to all directors of the Board Meetings. Agenda and detailed notes on agenda are sent in advance of the meetings and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting for meaningful participation at the meeting.

Board decisions are carried out with unanimous consent and therefore, no dissenting views were required to be captured and recorded as part of the minutes.

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

**We further report that** during the audit period, the Company has re-appointed Mr. Dhruv Manmohan Sawhney as Managing Director designated as Chairman and Managing Director for a period of 3 (Three) years and Mr. Nikhil Sawhney as Managing Director designated as Vice Chairman and Managing Director for a period of 5 (Five) years with effect from May 10, 2016.

For **Sanjay Grover & Associates**  
Company Secretaries  
Firm Registration No.: P2001DE052900

New Delhi  
May 18, 2017

**Sanjay Grover**  
Managing Partner  
CP No.: 3850

# ANNEXURE-E

## REPORT ON CSR ACTIVITIES/ INITIATIVES

- A brief outline of the Company's CSR policy, including overview of the projects or programmes proposed to be undertaken and reference to the web-link to the CSR Policy and projects or programmes  
  
In accordance with the provisions of the Companies Act, 2013 and the rules framed there under, the Board of Directors of the Company have, on the recommendation of the CSR Committee, adopted a CSR Policy for undertaking and monitoring the CSR programmes, projects in the areas stated in Schedule VII of Act. The policy has been uploaded on the website of the Company at <http://www.triveniturbines.com/key-policies>.  
  
During the year under review, CSR initiatives have been made mainly in the areas of healthcare, education and environment sustainability.
- The composition of the CSR Committee:
  - Mr. Nikhil Sawhney, Chairman
  - Lt. Gen K.K. Hazari
  - Mr. Tarun Sawhney
  - Mr. Arun Prabhakar Mote
- Average Net Profit of the Company for last 3 financial years: ₹1,297.48 million
- Prescribed CSR expenditure (2% of amount): ₹ 25.96 million
- Details of CSR activities/projects undertaken during the year:
  - Total amount spent / committed to be spent for the financial year: ₹ 25.96 million
  - Amount unspent, if any: ₹ 0.14 million

c) Manner in which the amount spent during financial year is detailed below:

(₹ in Million)							
1	2	3	4	5	6	7	8
Sr. No.	CSR project/ activity identified	Sector in which the Project is covered	Projects/Programmes 1. Local area/others 2. Specify the state / district (Name of the District/s, State/s where project/ programme was undertaken)	Amount outlay (budget) project/ programme wise	Amount spent on the project/ programme 1. Direct expenditure on project/ programme, 2. Overheads:	Cumulative spend upto the reporting period	Amount spent: Direct/ through implementing agency
1	Preventive Health Program for Females	Promoting healthcare including preventive health care	1. Other 2. Delhi	4.10	4.10	4.10	Through implementing agency: Tirath Ram Shah Charitable Hospital
2	Support to Nursing School	Promoting education, including employment enhancing vocation skills especially among women	1. Other 2. Delhi	2.90	2.90	2.90	Through implementing agency: Tirath Ram Shah Charitable Hospital
3	Protecting the Girl Child from Cervical Cancer	Promoting healthcare including preventive healthcare	1. Other 2. Delhi	1.19	1.05	1.05	Through implementing agency: Tirath Ram Shah Charitable Hospital
4	Protecting the infant child from Rotavirus Diarrhoea	Promoting healthcare including preventive healthcare	1. Other 2. Delhi	0.70	0.70	0.70	Through implementing agency: Tirath Ram Shah Charitable Hospital
5	Water Tool Applications for sustainable solutions, enhanced capacities and renewal	Ensuring environmental sustainability, ecological balance, conservation of natural resources and maintaining quality of water	1. Other 2. Delhi	9.52	9.52	9.52	Through implementing agency: CII-Triveni Water Institute

(₹ in Million)

1	2	3	4	5	6	7	8
Sr. No.	CSR project/ activity identified	Sector in which the Project is covered	Projects/Programmes 1. Local area/others 2. Specify the state / district (Name of the District/s, State/s where project/ programme was undertaken)	Amount outlay (budget) project/ programme wise	Amount spent on the project/ programme 1. Direct expenditure on project/ programme, 2. Overheads:	Cumulative spend upto the reporting period	Amount spent: Direct/ through implementing agency
6	Providing education to under-privileged children at Pre-Nursery school	Promoting education among children	1. Local Area 2. Bengaluru	0.20	0.20	0.20	Through implementing agency: Government Model Primary School, Peenya
7	Caring for the differently-abled children	Promoting education, including special education among the differently abled	1. Local Area 2. Bengaluru	0.88	0.88	0.88	Through implementing agency: Aruna Chetana
8	Caring for the disabled children	Promoting education, including special education among the differently abled	1. Local Area 2. Bengaluru	0.88	0.88	0.88	Through implementing agency: Dharithree Trust
9	Providing training on environmental sustainability to various renewable energy plants	Ensuring environmental sustainability	1. Local Area 2. Bengaluru	1.75	1.75	1.75	Through implementing agency: Metis ERC (I) Pvt. Ltd
10	Near Iso-Thermal Air Compressor for renewable power generation	Ensuring environmental sustainability; conservation of natural resources;	1. Other 2. Mumbai	0.85	0.85	0.85	Through implementing agency: IIT, Bombay
11	ORC Turbine loop development	Ensuring environmental sustainability; conservation of natural resources;	1. Other 2. Mumbai	1.50	1.50	1.50	Through implementing agency: IIT, Bombay
12	Aeroloop set-up for high speed turbomachinery	Promoting Education	1. Local Area 2. Bengaluru	0.85	0.85	0.85	Through implementing agency: IISc, Bengaluru
13.	Project Management Expenses			0.64	0.64	0.64	
				25.96	25.82	25.82	

**6. In case the Company has failed to spend the 2% of the average net profit of the last 3 financial years or any part thereof, reasons for not spending the amount in its Board Report**

The Company has spent full amount as prescribed by the Companies Act 2013.

However, the project in serial number 3 above which was duly completed during the financial year but an amount of ₹ 0.14 million was not released till year end pending receipt of closure documents from the project implementing agency, which was released subsequently on receipt of documents.

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

**Dhruv M. Sawhney**  
Chairman and Managing Director

**Nikhil Sawhney**  
Chairman of CSR Committee



# ANNEXURE-F

## (A) CONSERVATION OF ENERGY

### i) The steps taken or impact on conservation of energy;

#### Peenya Plant:

- Cycle time reduction in blade machining process through modified program has enabled increase in production of blades per unit of power consumed, thereby giving an equivalent saving of 7479 KWH/year.
- Reduction in recentering time for L1 blade has given an equivalent savings of 624 KWH/year.
- Existing CFL lamps in office and meeting rooms at Admin building are being replaced with energy efficient LED lamps. This will result into power savings of about 7338 KWH per year.
- Lighting provided in Training Centre Building and office areas in Works building are being replaced with energy efficient LED lights. This will result into power savings of about 3951 KWH per year.
- Implementation of Total Productive Maintenance (TPM-Trak) Production Monitoring system for all CNC machines is completed. This is required for Data acquisition analytics, Production monitoring, Overall Equipment Effectiveness (OEE), Live power profiles and harmonics, Auto email and SMS alert configuration to have more efficient operations.

#### Sompura Plant:

- Entire Shop floor is lit by energy efficient LED lamps only.
- All large motors are equipped with Variable Frequency Drive (VFD) to ensure lowest energy consumption & conservation.
- Roof top rain water is collected and utilised for ground water recharging as a part of Rain Water Harvesting.
- Boiler is equipped with Variable Frequency Drive (VFD) for the forced draft fan to achieve energy conservation.
- Self driven roof fume extractors are provided in the shop floor for energy free air circulation.
- Polycarbonate roof sheets are provided ensuring use of natural day light.

### (ii) The steps taken by the Company for Utilising alternate sources of energy;

Solar Photovoltaic (PV) plant of 300 KW capacity was commissioned in the month of December 2015. Annual yield during the Financial Year 2016-17 is 376.6 Mwh.

### (iii) The capital investment on energy conservation equipments:

The Company made capital investments amounting to ₹ 10.12 million towards purchase and installation of energy efficient LED lights inside shop floor and office areas and Variable Frequency Drive (VFD) for Cooling tower and Boiler at Sompura plant.

## B) TECHNOLOGY ABSORPTION

The Company has not acquired any technology or technical know-how from any sources. It is continually engaged in improvement of technology for steam turbines and in the development of new generation technology to improve quality of its products, to achieve benchmark energy conversion efficiencies at cost competitive prices, to evolve robust models in high temperature and pressure segments and be able to remote monitor the functionality of the turbines.

After rigorous testing, such developed technologies are used for commercial applications.

### (i) The efforts made towards technology absorption: As above

- Executing steam turbine projects in waste heat recovery involving injection steam cycles.
- Development of cost competitive models.
- Implemented Product Lifecycle Management (PLM) software.
- Continuous upgradation of Energy conversion efficiency levels.
- Enhanced quick-start capability through advanced transient analysis.
- Development and execution of special drive application turbine projects.

**(ii) The benefits derived like product improvement, cost reduction, product development or import substitution;**

- i. Improvement in operability and robustness.
- ii. Reduction in life cycle costs.
- iii. Improvement in reliability and performance.
- iv. Improved design automation through PLM software.
- v. Reduced carbon footprints meeting power solutions of varied international and domestic customers.
- vi. Improvement in efficiency at several levels by using state-of-the-art CFD, Heat Transfer, Transient Analysis and Stress Analysis software to suit the diversified application cycle requirements.
- vii. Cost effective reheat models have resulted in import substitution.

**(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):**

- a) the details of technology imported;  
- Not applicable

- b) the year of import; - Not applicable
- c) whether the technology been fully absorbed;  
- Not applicable
- d) if not fully absorbed, areas where absorption has not taken place, and the reasons, thereof -  
Not applicable

**(iv) The expenditure incurred on Research and Development.**

**Expenditure on R&D**

(₹ in Million)

Particulars	31-Mar-2017	31-Mar-2016
a) Capital	11.93	14.63
b) Recurring	85.85	103.78
c) Total	97.78	118.41
d) Total R&D expenditure as percentage of turnover	1.33%	1.67%

**(C) FOREIGN EXCHANGE EARNINGS AND OUTGO**

Particulars	31-Mar-2017	31-Mar-2016
Foreign Exchange earned in terms of actual inflows	3,192.47	3,318.10
Foreign Exchange outgo in terms of actual outflows	638.74	511.72

## ANNEXURE-G

Particulars of Employees Pursuant to Section 197(12) of the Companies Act, 2013 Read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- (i) The ratio of the remuneration of each Director to the median remuneration of the employee of the Company for FY 16 and percentage increase in remuneration of each Director, CFO and CS in the FY 17.

Name of Director/KMP and Designation	Ratio of remuneration of Directors to Median Remuneration	% of increase of remuneration in the FY 17
Mr. Dhruv M. Sawhney* Chairman and Managing Director	-	N.A
Mr. Nikhil Sawhney Vice Chairman and Managing Director	51.18	(1.96%)
Mr. Arun Prabhakar Mote Executive Director	35.21	(4.93%)
Mr. Tarun Sawhney Non Executive Director	2.78	1.86%
Lt. Gen. K. K. Hazari (Retd.) Non Executive Independent Director	3.42	2.54%
Mr. Shekhar Datta Non Executive Independent Director	2.71	-
Mr. Amal Ganguli Non Executive Independent Director	2.80	(23.26%)
Dr. (Mrs.) Vasantha S Bharucha Non Executive Independent Director	3.17	(14.22%)
Mr. Deepak Sen Chief Financial Officer	8.86	34.30%
Mr. Rajiv Sawhney Company Secretary	3.90	14.43%

\*No Salary is being drawn by the CMD.

- (ii) The median remuneration of employees during the financial year was ₹ 0.59 million.
- (iii) In the financial year, there was an increase of 7.2% in the median remuneration of employees.
- (iv) There were 596 permanent employees (494 officers and 102 workmen) on the rolls of the Company as on March 31, 2017.
- (v) The average percentile salary increase of employees other than managerial personnel was 7.1% against – 3.2% in the managerial remuneration. The increase of remuneration of managerial and non managerial is normal as per the industry standard and is reflective of slowdown in the Capital goods industry, performance of the Company and business challenges to internationalise the products.
- (vi) It is hereby affirmed that the remuneration paid during the financial year ended March 31, 2017 is as per the Nomination and Remuneration policy of the Company.

# ANNEXURE-I

## BUSINESS RESPONSIBILITY REPORT – 2016-17

### Section A: General Information about the Company

1. **Corporate Identity Number (CIN) of the Company** - L29110UP1995PLC041834
2. **Name of the Company** - Triveni Turbine Limited.
3. **Registered Address** - A-44, Hosiery Complex, Phase –II Extn., Noida – 201 305, U.P
4. **Website** - www.triveniturbines.com
5. **E-mail ID** – shares.ttl@trivenigroup.com
6. **Financial Year reported** – 2016-17
7. **Sector(s) that the Company engaged in**

NIC CODE	PRODUCT DESCRIPTION
281	Steam Turbine, Accessories and parts thereof
331	Servicing Operations and Maintenance of Steam Turbines

8. **List three key products/services that the Company manufactures/provides:**

- 1 Steam Turbine and Accessories
- 2 Supply of Spare Parts
- 3 Refurbishing and Servicing Operations and Maintenance of Steam Turbines

9. **Total number of location where business activity is undertaken by the Company:**

The Company carries out its business directly and through its subsidiary companies, including through their network of offices.

- i. **Number of International Locations (Provide details of major 5): 04**

The Company operates in the following locations through its foreign subsidiaries and their network of offices

London, UK; Dubai, UAE; Indonesia; Vietnam

- ii. **National Locations: 08**

The manufacturing facilities are situated in Bengaluru, Karnataka and it's corporate and registered offices are situated in Noida, UP. Further, it has customer care offices at various places (Naini (Allahabad), Mumbai, Pune, Kolkata, Hyderabad, Ahmedabad) to serve its customers all over the country.

10. **Markets served by the Company : Local/State /National/ International**

Local	State	National	International
✓	✓	✓	✓

Please refer to "Looking Beyond in International Markets and Looking Ahead in Domestic Markets" section (page nos 8-11) of the Company's Annual Report FY 17 for the detail of markets served.



## Section B: Financial Details of the Company

(₹ in Million)

		Triveni Turbine Limited	
		FY 17	FY 17
		Standalone	Consolidated
1	Paid-up Capital	329.97	329.97
2	Total Turnover		
	(a) Revenue from operations (gross)	7,537.24	7,655.70
	(b) Other income	285.67	289.89
3	Profit for the year (after taxes and minority interest)	1,161.86	1,235.55

### 4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax :

During the Financial Year 2016-17, the Company has spent an amount of ₹ 25.96 million, which amounts to 2% of the average standalone profit for the previous three years as prescribed by the Companies Act 2013 and 2.29% of PAT for the year. Additionally, GE Triveni Ltd, a subsidiary company, has spent ₹ 0.79 million for CSR activities that is 0.77% of Profit after tax for the year.

### 5. List of activities in which expenditure in (4) above has been incurred: -

- Health care- Preventive health care for women and children
- Education
- Technology and Innovation
- Ensuing environmental sustainability

## Section C: Other Details

### 1. Does the Company have any Subsidiary Company/ Companies?

Yes, the Company has three subsidiaries, including two foreign subsidiaries as on March 31, 2017.

### 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).

There are no formalized arrangements but in respect of most of the issues relating to business responsibility, the values, policies and thinking of the parent company are practiced in the normal conduct of the business by the subsidiary companies.

### 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?

The Company does not mandate its suppliers/ distributors to participate in the Company's BR initiatives. However, they are encouraged to adopt such practices and follow the concept of being a responsible business entity.

**If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%].**

Not Applicable

## Section D: BR Information

### 1. Details of Director/Directors responsible of BR

#### a) Details of the Director/Director responsible for implementation of the BR policy/policies

The BR initiatives are informally led by the Executive Director in conjunction with the CSR committee.

#### b) Details of the BR head\*

S. No.	Particulars	Details
1.	DIN Number (if applicable)	01961162
2.	Name	Mr Arun Prabhakar Mote
3.	Designation	Whole Time Director
4.	Telephone number	080 22164000
5.	e-mail id	ceo@trivenitur-bines.com

### 2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility.

These briefly are as follows:

- P1** Business 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 well- being 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.

S. No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have policy/policies for.....	Yes. To comply with the guidelines, the Company has formulated policies and Standard operating procedures (SOPs) to provide clarity to the operating personnel at various levels.								
2	Has the policy being formulated in consultation with the relevant stakeholder?	The Company has formulated the policies, SOPs and adopted best practices by considering inputs, feedback and sensitivities of the stakeholders, wherever practicable.								
3	Does the policy conform to any national/ international standards? If yes, specify? (50 words)	Yes, the policies/practices broadly conform to the National Voluntary Guidelines (NVGs) issued by the Ministry of Corporate Affairs, Government of India, July 2011.								
4	Has the policy been approved by the Board? If yes, has it been signed by MD/owner/ CEO/appropriate Board Director?	Policies have been approved by the Board wherever it is mandatorily required and signed by the Whole Time Director of the Company								
5	Does the company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	The BR initiatives are informally led by the Whole Time Director in conjunction with the CSR Committee								
6	Indicate the link for the policy to be viewed online?	The Company will be formalizing its BR policies in the due course. The BR initiatives are presently governed by Policies (Code of conduct, whistle blower policy, Corporate Social Responsibility Policy, Code of Fair Disclosure) and SOPs (Environment Occupational Health & Safety Policy, Policy of Sexually Harassment, Quality Policy) The link for the Policies: <a href="http://www.triveniturbines.com/key-policies">http://www.triveniturbines.com/key-policies</a>								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	The internal stakeholders have been made aware of the policies. External Stakeholders are communicated to the extent applicable. The mandatory Policies are also updated on the website of the Company.								
8	Does the company have in-house structure to implement the policy/policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/policies?	The Company has an effective system of recording comments / complaints of the stake holders relating to above policies and there is a time bound approach to resolve such complaints in a fair manner.								
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Apart from self certification and discussions in meetings of cross-functional teams, certain areas related to EHS, customer satisfaction and quality are subject to internal audit by independent third party agencies. The compliance is also evaluated during the process of certification of various international quality standards.								

2a. If answer to S.No.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
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.								
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 next 1 year								
6	Any other reason (please specify)								

### 3. Governance related to BR

- 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 Whole Time Director/BR Head reviews and assess the BR performance of the Company within 3-6 months.

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

This is the first Business Responsibility Report which forms part of the Company's annual report for the Financial Year 2016-17. The annual report containing this Business Responsibility Report will be put up on the web site of the Company at [www.triveniturbines.com](http://www.triveniturbines.com)

The Company actively engages itself with all the aspects covered under the BR initiatives and endeavors to achieve something meaningful and worthwhile, which is useful to and in the welfare of the community as a whole

all the transactions in the widest sense to meet stakeholders and societal expectations. The Code of Conduct and other policies adopted by the Company apply to the employees of the Company. In addition the Company has a Whistle Blower Policy through which the Company seeks to provide a mechanism to the employees and directors to disclose any unethical and/or improper practice(s) suspected to be taking place in the Company for appropriate action and reporting. Further, no employee is denied access to the Audit Committee and all disclosures are reported to the Chairman of the Audit Committee. The Code of Conduct and Whistle Blower Policy are uploaded on the Company's website- [www.triveniturbines.com](http://www.triveniturbines.com).

#### 1. Does the Policy relating to ethics, bribery and corruption cover only the Company? Does it extend to the Group / Joint Ventures / Suppliers/ Contractors / Others?

In respect of most of the aforesaid issues, the values, policies and thinking of the parent company are also practiced in the normal conduct of the business by the subsidiary / joint venture companies. GE Triveni Ltd, one of the subsidiary companies, has framed its own policies in this regard. The Company also encourages its suppliers and contractors to adopt such practices and follow the concept of being a responsible business entity.

#### 2. How many stakeholders' complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof.

In the course of business, the Company has received queries from shareholders (09 during the year, which were all resolved during the year).

## Section E: Principle-wise performance

### Principle 1: Ethics, Transparency and Accountability

The Company's commitment to ethical and lawful business conduct is a fundamental shared value of the Board of Directors, the senior management and all employees of the Company. The Corporate Governance philosophy of the Company is anchored on the values of integrity, transparency, building efficient and sustainable environment, system and practices to ensure accountability transparency, fairness in

Further, 50 nos. customer queries/complaints were received during the year relating to functionality and quality of the steam turbines of which 93% were resolved satisfactorily and balance are under process of closure. With a view to achieve maximum customer satisfaction, the Company gives utmost importance to resolve such complaints and absorbs the learning in the system and processes to avoid recurrence. Other than the aforesaid, the Company did not receive any major complaints and none of the major complaints is outstanding at the end of the year.

**Principle 2: Sustainability of Products & Services across Life –Cycle**

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

The Company manufactures Steam turbines, spare parts and provides services relating thereto, including refurbishment of steam turbines. The products supplied by the company are environmental friendly. The product of the Company helps industries to lower costs through cost competitive generation of power for captive consumption and/or for external sale.

The Company supports environment sustainability with significant focus on thermal efficiency improvements to meet key customer expectations and drive environmental sustainability. The Steam Turbines supplied in power plants are run by our customers on non-fossil fuels like sugarcane bagasse and other biomass, municipal waste and waste heat from process plants and gas turbines. The Company has an advanced Research and Development department which is engaged in continually developing highly efficient turbines keeping in view the social and environmental concerns.

The Company has designed Hybrid (Reaction–Impulse) design which combines the unique advantages of both reaction and impulse technologies for fuel efficiency, robustness and compactness. The customers are benefitted in terms of less fuel consumption, automated turbine control system, high density turbine with lower carbon foot print with the same power output.

Keeping in view the scarcity, cost of fossil fuel and its environment implications, the Company has designed Turbine solutions for energy efficient district heating plants, to generate Combine Heat and Power using Biomass fuel. District Heating System distributes thermal energy from a central source to residential, commercial and industrial consumers for use in space heating, water heating and process heating.

The Company offers steam turbines that can help industries produce clean energy solutions from waste heat from industrial equipment like boilers, furnaces, and process heaters among others. Waste heat recovery improve energy efficiency, recovering waste heat losses provides an attractive opportunity for an emission free and less costly energy resource.

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

The Company is continually engaged in energy conservation (please refer to Annexure F of the Director’s Report) with a view to optimise the resource use. Further, it is involved in reducing wastages/ rejections during the manufacturing process (including that of its suppliers) and value engineering activities with a view to reduce costs of his products to be competitive, without compromising on the quality and benchmark efficiencies.

The Company has installed 1st roof top Solar PV Power Plant installation as part of the ambitious goal of sourcing 15% electricity from renewable source. The installed plant is a 300 KW solar photovoltaic (PV) plant in the factory capable of generating 0.38 million units annually which reduced the carbon footprints of 392.008 tonnes during the year 2016-17, resulted in net saving of about ₹ 3.0 million in electricity charges.



In addition, CFL lamps in the office and meeting rooms of the administration building, Training Centre Building have been replaced with energy efficient LED lamps which has resulted in significant power saving.

**3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?**

Yes, sustainability is extended to suppliers significantly through responsible Supply Chain procurement practices and selection criteria focused on protection of environment, societal interest and cost effective procurement seeking resource efficiency, improving the quality of products and services and ultimately optimising the cost. Though it is difficult to quantify exactly in terms of percentage, the Company is increasingly focused on sustainable sourcing.

**4. Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been take to improve their capacity and capability of local and small vendors ?**

i) Yes, the Company has been encouraging highly skilled willing retired employees to develop small or micro companies, around its vicinity, for supply of components and also develop several job workers locally. The Company imparts necessary training and engineering skills to the local

job workers for their development and ensures sustainable quality deliverables. During the year the company has procured above 65% of total procurement in terms of value from local sources, where local source is defined as at the State in which the manufacturing plant is established.

ii) The Company also believes in long term partnership with the vendors by having rate contracts with them and providing periodical feedback on their performances in terms of quality, delivery, services, environmental health and safety, which helps the vendors to improve their performance by taking corrective actions on the parameters where they are found lacking. Transparency and fair approach are maintained while dealing with the vendors during the entire procurement cycle.

**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**

It is the Company's ongoing endeavor to have a mechanism to recycle machine coolant, lubricant oils etc. almost 100%. The waste steel raw-materials arising out of the manufacturing process are sent back to the foundries from where the company sources the castings. The Company thus ensures 100% recycle during production with almost zero waste.

**Principle 3: Employee Well-being**

S. N.	Category	Response
1.	Total number of employees	1190 as on March 31, 2017 (includes Permanent, Temporary, Casual, trainee and contractual employees)
2.	Total numbers of employees hired on temporary/ contractual / casual basis	594 as on March 31, 2017
3.	Total number of permanent women employees	32 as on March 31, 2017
4.	Total number of permanent employees with disabilities	NIL
5.	Do you have employee association that is recognised by management?	Yes, we have recognised Trade Union constituted in terms of the Trade Union Act at the Companies Manufacturing unit at Peenya Bengaluru, India.
6.	What percentages of your permanent employees are members of this recognised employee association?	Around 15%

- 7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

There were no complaints during and as on the end of the financial year

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

Category	Safety (%)	Skill Up-gradation (%)
Permanent employees	77%	81%
Permanent Women Employees	90%	88%
Casual/ Temporary/ Contractual employees	34%	NA
Employees with disabilities	NIL	NIL

**Principle 4: Stake Holder Engagement**

- 1. Has the Company mapped its internal and external stakeholders?**

Yes, the key stakeholders of the Company are employees, customers, government authorities, suppliers, charitable organisations, trade & chamber associations, shareholders and society.

- 2. Out of the above has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?**

For the Company all the stakeholders are equally significant. However, the CSR programmes of the Company are directed towards providing benefit (education, healthcare etc) to poor and underprivileged.

- 3. Are there any special initiative taken by the Company to engage with the disadvantage, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words**

As a part of the CSR initiatives of the Company, considerable importance is given to disadvantage, vulnerable and marginalized stakeholders – Please refer to Annexure E of the Director’s Report.

**Principle 5: 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/ Others?**

While the Company or its subsidiaries/ joint venture do not have a stated policy on human rights, it has been

practicing to respect human rights as a responsible corporate citizen, without any gender discrimination and exploitation. It believes in providing equal opportunity and to remunerate them in a fair manner commensurate with their skills and competence. The Company ensures conformance to fundamental labour principles including prohibition of child labour, forced labour, freedom of association and protection from discrimination in all its operation through communication to its employees periodically.

- 2. How many stakeholders’ complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

During Financial Year 2016-17, the Company has not received any complaints from any stakeholder pertaining to the human rights.

**Principle 6: Protection & Restoration of the Environment**

- 1. Does the Policy related to Principle 6 cover only the Company or extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ Others.**

The Company’s Policy on Safety, Health & Environment extend to its subsidiaries, JV, Suppliers, and Contractors as well.

- 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:**

Yes, as a responsible corporate entity, the Company conducts Legal and Environmental Audits on a periodic basis for its manufacturing plants. The Environmental Management System (EMS) is a comprehensive approach to environmental management and continual improvement, which is certified in line with ISO 14001:2015 & OHSAS 18001:2007 standards. Audits are being conducted on half yearly basis by a reputed organisation, which is recognised by over 50 accreditation bodies. The products of the Company are based on renewable energy and are instrumental in generating green power. Please refer to the Management Discussion and Analysis section of Annual Report 2017, which is also provided at [www.triveniturbines.com](http://www.triveniturbines.com)

Under the Company’s various “Green initiatives”, Peenya Manufacturing Plant has more than 2000 trees, zero discharge facility with 100% waste water

getting treated and used for gardening along with Kitchen Waste Compost unit. The employees of the Company and its vendors are encouraged to do tree planting in their respective houses, vicinity and factories by free distribution of saplings. The new state-of-the-art manufacturing plant situated in Sompura near Bengaluru also boasts of 3000 trees in the campus.

**3. Does the Company identify and assess potential environmental risks? (Y/N)**

It is the endeavour of the Company to continually evaluate and subject its processes to stringent scrutiny to minimize the impact of its manufacturing operations on the environment. Further, the same philosophy is practiced in the development of new products, the objective of which is to improve thermal efficiency levels, use renewable energy and involved in projects linked to green power.

**4. Does the Company have any Project related to clean development mechanism? If yes, whether any environmental compliance report is filed.**

No, the Company is not directly associated with any project related to clean development mechanism (CDM). However, in view of its product being environment friendly and related to renewable energy, it must have supplied its products to CDM projects, the details of which are not available with the Company.

At present, under Clean Development Mechanism, the Company is working with Indian Green Building Council (IGBC) pioneer in green building movement for its manufacturing facilities. The Company has applied for "Platinum Green building certification" and hence continue to demonstrate Company's commitment to green buildings.

**5. Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy, etc.**

The Company currently sources 15% of its electricity from renewables. Energy conservation measures have been implemented at all the plants and offices of the Company and special efforts are being put on undertaking specific energy conservation projects. Most importantly, the steam turbines manufactured by the Company operates on non-fossil fuel, renewable in nature, to meet the steam and power requirements of its customers.

**6. Are the Emissions/ Waste generated by the Company within the permissible limits given by CPCB/ SPCB for the financial year being reported?**

Yes, the Emissions / waste generated by the Company are within the permissible limits given by Central Pollution Control Board ("CPCB") / State Pollution Control Board ("SPCB").

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

No such notices were received during the year or pending at the end of the financial year.

**Principle 7: Responsible Advocacy**

**1. Is your Company a member of any trade and chamber or association? If yes, name only the ones that your business deals with:**

The Company is a member of various trade and chamber associations. The major ones are:

- a. Confederation of Indian Industries (CII)
- b. Federation of Indian Chambers of Commerce and Industry (FICCI)
- c. The Sugar Technologists' Association of India (STAI)
- d. The Associated Chambers of Commerce and Industry of India (ASSOCHAM)

**2. Have you advocated/ lobbied through above associations for the advancement or improvement of public good? Yes/ No, if yes specify the broad areas.**

The Company is continuously in touch with various organisations, namely, CII, FICCI for improvement of various economic and social policies for sustainable growth in the value chain.

**Principle 8: Supporting inclusive Growth & Equitable Development**

**1. Does the Company have specified programs/ initiatives/ projects in pursuit of the Policy related to Principle 8?**

Yes, the details are forming part of the CSR Report – Annexure E to the Director's Report.

**2. Are the Programs/ Projects undertaken through in house team / own foundation/ external NGO/ Government structures / any other organisation?**

The Company's social projects are carried on under the Companies CSR Policy for community welfare,

providing education for employment opportunities and rural development. Collaborative partnerships are formed with external implementation agencies having requisite competence.

**3. Have you done any impact assessment of your initiatives?**

Yes, for each of the CSR project undertaken, impact analysis is carried out by external implementation agency along with in-house CSR team. Such assessments are normally carried out after completion of the project.

**4. What is your Company's direct contribution to community development projects – amount in INR and the details of the project undertaken?**

The Company has incurred CSR expenditure amounting to ₹ 25.96 million during the financial year. Please refer to Annexure E of the Director's Report. Additionally, a subsidiary of the Company has incurred ₹ 0.79 million towards CSR activities.

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the Community?**

Yes, the CSR activities were pursued in line with the Company's policy and framework. The first step in the process is to identify target class of the community that requires intervention. The Company continuously monitors community development initiatives through various parameters such as health indicators, literacy levels, sustainable livelihood processes, population data and state of infrastructure among others. From the data generated, rolling plans are developed for short to medium term. The projects are assessed under the agreed strategy and are monitored on

a quarterly basis. Wherever necessary, mid-course corrections are carried out.

**Principle 9: Providing value to Customers and Consumers**

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

As on March 31, 2017 there are 7% of customer complaints pending

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

The Company displays product information as mandated by Bureau of Indian Standards.

**3. Is there any case filed by any stakeholders against the Company regarding unfair trade practices, irresponsible advertising/ or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof in about 50 words or so?**

NIL

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

The Company has a well-established system in place for dealing with customer feedback; one such system is through "Customer Complain Resolution System" (CCRS). Customer engagement processes have been aligned across the value chain to monitor customer satisfaction and feedback. Customers are provided multiple options to connect with the Company through email, telephone, website, feedback forms etc. The Company also has a dedicated customer response cell to respond to customer queries and feedback on product.



# ANNEXURE-J

## EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2017

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

### FORM NO MGT-9

#### I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	L29110UP1995PLC041834
ii)	Registration Date	:	27/06/1995
iii)	Name of the Company	:	TRIVENI TURBINE LIMITED
iv)	Category / Sub-Category of the Company	:	COMPANY LIMITED BY SHARES / INDIAN NON-GOVERNMENT COMPANY
v)	Address of the Registered Office and contact details	:	A-44, HOSIERY COMPLEX, PHASE II EXTENSION, NOIDA-201305 (U.P.), PH. 0120-4748000
vi)	Whether listed company Yes / No	:	YES
vii)	Name, Address and contact details of Registrar & Transfer Agents (RTA), if any	:	M/S ALANKIT ASSIGNMENTS LTD., ALANKIT HEIGHTS UNIT: TRIVENI TURBINE LIMITED IE/13, JHANDEWALAN EXTENSION, NEW DELHI - 110 055. PHONE: 011-42541234, 23451234 FAX: 011-41543474 EMAIL: rta@alankit.com

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Manufacture of steam turbines & parts thereof	281-Manufacture of general purpose machinery	87.00
2	Servicing, operation and maintenance of steam turbines.	331-Repair of fabricated metal products, machinery and equipment	13.00

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1.	GE Triveni Ltd., Bengaluru, India	U29253KA2010PLC053834	Subsidiary	50% +1 SHARE	2 (87)
2.	Triveni Turbines Europe Private Limited, UK	Foreign Company	Subsidiary	100.00	2 (87)
3.	Triveni Turbines DMCC, Dubai, UAE	Foreign Company	Subsidiary	100.00	2 (87)

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

##### (i) Category-wise Share Holding

	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(A) Promoter</b>									
<b>1 Indian</b>									
(a) Individuals/ HUF	33042557	0	33042557	10.014	33042557	0	33042557	10.014	0.000
(b) Central Government	0	0	0	0	0	0	0	0	0
(c) State Government(s)	0	0	0	0	0	0	0	0	0
(d) Bodies Corporate	159330417	0	159330417	48.286	159330417	0	159330417	48.286	0

	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(e) Bank /FI	0	0	0	0	0	0	0	0	0
(f) Any Other	0	0	0	0	0	0	0	0	0
<b>Sub-Total (A)(1)</b>	<b>192372974</b>	<b>0</b>	<b>192372974</b>	<b>58.300</b>	<b>192372974</b>	<b>0</b>	<b>192372974</b>	<b>58.300</b>	<b>0.000</b>
<b>2. Foreign</b>									
(a) NRI - Individuals	38631559	0	38631559	11.707	31131559	0	31131559	9.434	-2.273
(b) Other - Individuals	0	0	0	0	0	0	0	0	0
(c) Bodies Corporate	0	0	0	0	0	0	0	0	0
(d) Bank /FI	0	0	0	0	0	0	0	0	0
(e) Any Other	0	0	0	0	0	0	0	0	0
<b>Sub-Total (A)(2)</b>	<b>38631559</b>	<b>0</b>	<b>38631559</b>	<b>11.707</b>	<b>31131559</b>	<b>0</b>	<b>31131559</b>	<b>9.434</b>	<b>-2.273</b>
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>231004533</b>	<b>0</b>	<b>231004533</b>	<b>70.007</b>	<b>223504533</b>	<b>0</b>	<b>223504533</b>	<b>67.734</b>	<b>-2.273</b>
<b>(B) Public shareholding</b>									
<b>1. Institutions</b>									
(a) Mutual Funds/UTI	12621272	0	12621272	3.825	20436754	0	20436754	6.193	2.369
(b) Bank / FI	31968	0	31968	0.010	18727	0	18727	0.006	-0.004
(c) Central Government	0	0	0	0	0	0	0	0	0
(d) State Government(s)	0	0	0	0	0	0	0	0	0
(e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
(f) Insurance Companies	0	0	0	0	0	0	0	0	0
(g) FIs	57723643	0	57723643	17.494	51326766	0	51326766	15.555	-1.939
(h) Foreign Venture Capital Investors	0	0	0	0	0	0	0	0	0
(i) Any Other (specify)	0	0	0	0	0	0	0	0	0
(j) Foreign Portfolio Investor (Corporate)	9254056	0	9254056	2.804	17502209	0	17502209	5.304	2.500
<b>Sub-Total (B)(1)</b>	<b>79630939</b>	<b>0</b>	<b>79630939</b>	<b>24.133</b>	<b>89284456</b>	<b>0</b>	<b>89284456</b>	<b>27.058</b>	<b>2.926</b>
<b>2. Non-institutions</b>									
(a) Bodies Corporate									
i) Indian	2410406	1	2410407	0.731	2382114	1	2382115	0.722	-0.009
ii) Overseas	0	0	0	0	0	0	0	0	0
(b) Individuals -	0	0	0	0	0	0	0	0	0
i. Individual shareholders holding nominal share capital up to ₹1 lakh*	9665844	179668	9845512	2.984	8577058	180385	8757443	2.654	-0.330
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	5472014	0	5472014	1.658	4307981	0	4307981	1.306	-0.353
(c) Any Other (specify)	0	0	0	0	0	0	0	0	0
[i] NRI	1243871	50	1243921	0.377	1295348	50	1295398	0.393	0.016
[ii] HUF	313352	0	313352	0.095	244999	0	244999	0.074	-0.021
[iii] Clearing Member	33972	0	33972	0.010	174725	0	174725	0.053	0.043
[iv] Trust	17500	0	17500	0.005	20500	0	20500	0.006	0.001
<b>Sub-Total (B)(2)</b>	<b>19156959</b>	<b>179719</b>	<b>19336678</b>	<b>5.860</b>	<b>17002725</b>	<b>180436</b>	<b>17183161</b>	<b>5.207</b>	<b>-0.653</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>98787898</b>	<b>179719</b>	<b>98967617</b>	<b>29.993</b>	<b>106287181</b>	<b>180436</b>	<b>106467617</b>	<b>32.266</b>	<b>2.273</b>
<b>(C) Shares held by Custodians for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>329792431</b>	<b>179719</b>	<b>329972150</b>	<b>100.000</b>	<b>329791714</b>	<b>180436</b>	<b>329972150</b>	<b>100.000</b>	<b>0.000</b>

\* Includes 1,09,650 equity share of ₹ 1 each held by two Directors and two Directors' relative.

**(ii) Shareholding of Promoters**

Sr. No.	Shareholders's Name	Shareholding at the beginning of the year			Shares holding at the end of the year			% change in the shareholding during the year
		No. of Shares	% of total shares of the Company	% of Shares Pledge / encumbered of total shares	No. of Shares	% of total shares of the Company	% of Shares Pledge / encumbered of total shares	
<b>(a) Individual/Hindu Undivided Family / NRI</b>								
1	Mr. Dhruv M. Sawhney	24924645	7.553	0	24924645	7.553	0	0
2	Mrs. Rati Sawhney	13706914	4.154	0	6206914	1.881	0	-2.273
3	Mr. Tarun Sawhney	14266775	4.324	42.06	14266775	4.324	42.06	0
4	Mr. Nikhil Sawhney	15071557	4.567	0	15071557	4.567	0	0
5	Manmohan Sawhney (HUF)	3679225	1.115	0	3679225	1.115	0	0
6	Mrs. Tarana Sawhney	25000	0.008	0	25000	0.008	0	0
	<b>Total (a)</b>	<b>71674116</b>	<b>21.721</b>	<b>8.37</b>	<b>64174116</b>	<b>19.448</b>	<b>9.35</b>	<b>-2.273</b>
<b>(b) Bodies Corporate</b>								
1	Umananda Trade & Finance Limited	20580339	6.237	0	0	0.000	0	-6.237
2	Triveni Engineering & Industries Ltd.	72000000	21.820	0	72000000	21.820	0	0.000
3	Tarnik Investments & Trading Limited.	18680527	5.661	0	0	0.000	0	-5.661
4	Subhadra Trade & Finance Limited	16307375	4.942	0	87330417	26.466	0	21.524
5	Dhankari Investments Limited	14049045	4.258	0	0	0.000	0	-4.258
6	Kameni Upaskar Limited	10328525	3.130	0	0	0.000	0	-3.130
7	TOFSL Trading & Investments Ltd.	5052351	1.531	0	0	0.000	0	-1.531
8	The Engineering & Technical Services Limited	1683755	0.510	0	0	0.000	0	-0.510
9	Accurate Traders Limited	648500	0.197	0	0	0.000	0	-0.197
	<b>Total (b)</b>	<b>159330417</b>	<b>48.286</b>	<b>0</b>	<b>159330417</b>	<b>48.286</b>	<b>0</b>	<b>0.000</b>
	<b>TOTAL(a+b)</b>	<b>231004533</b>	<b>70.007</b>	<b>2.6</b>	<b>223504533</b>	<b>67.734</b>	<b>2.68</b>	<b>-2.273</b>

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

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Date	Increase / Decrease in the shareholding	Reason	Cumulative shareholding during the year	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Rati Sawhney	13706914	4.154	2/9/2016	-7500000	Sold in Open Market	6206914	1.881
2	Umananda Trade & Finance Limited	20580339	6.237	31/3/2017	-20580339	Scheme of Arrangement	0	0.000
3	Tarnik Investments & Trading Limited.	18680527	5.661	31/3/2017	-18680527	Scheme of Arrangement	0	0.000
4	Subhadra Trade & Finance Limited	16307375	4.942	31/3/2017	71023042	Scheme of Arrangement	87330417	26.466
5	Dhankari Investments Limited	14049045	4.258	31/3/2017	-14049045	Scheme of Arrangement	0	0.000
6	Kameni Upaskar Limited	10328525	3.130	31/3/2017	-10328525	Scheme of Arrangement	0	0.000
7	TOFSL Trading & Investments Ltd.	5052351	1.531	31/3/2017	-5052351	Scheme of Arrangement	0	0.000
8	The Engineering & Technical Services Limited	1683755	0.510	31/3/2017	-1683755	Scheme of Arrangement	0	0.000
9	Accurate Traders Limited	648500	0.197	31/3/2017	-648500	Scheme of Arrangement	0	0.000

Note: During the year there is no change in other promoters' shareholding, except as stated above.

**(iii) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Date	Increase / Decrease in the shareholding	Reason	Cumulative shareholding during the year	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Nalanda India Fund Limited	25788000	7.815	-	0		25788000	7.815
2	Amansa Holding Pvt. Ltd.	14705950	4.457	-	0		14705950	4.457
3	Nalanda India Equity Fund Limited	9802350	2.971	-	0		9802350	2.971
4*	ICICI Prudential Value Discovery Fund	2953364	0.533	17/6/2016	-102864	Transfer	2850500	0.864
				30/6/2016	-299273	Transfer	2551227	0.773
				8/7/2016	-2551227	Transfer	0	0.000
5	Akash Bhanshali	2750000	0.833	-	0		2750000	0.833
6	Franklin India Smaller Companies Fund	2544053	0.771	15/7/2016	52766	Transfer	2596819	0.787
				22/7/2016	49090	Transfer	2645909	0.802
				28/07/2016	75642	Transfer	2721551	0.825
				29/7/2016	322502	Transfer	3044053	0.923
				5/8/2016	200000	Transfer	3244053	0.983
				12/8/2016	250000	Transfer	3494053	1.059
				2/9/2016	37150	Transfer	3531203	1.070
				9/9/2016	2100000	Transfer	5631203	1.707
				28/10/2016	100000	Transfer	5731203	1.737
				4/11/2016	121528	Transfer	5852731	1.774
				11/11/2016	13115	Transfer	5865846	1.778
				25/11/2016	200000	Transfer	6065846	1.838
				23/12/2016	100000	Transfer	6165846	1.869
7	Schroder International Selection Fund Asian Smaller Companies	2242302	0.680	10/6/2016	117047	Transfer	2359349	0.715
				17/6/2016	61792	Transfer	2421141	0.734
				30/6/2016	141379	Transfer	2562520	0.777
				1/7/2016	30319	Transfer	2592839	0.786
				8/7/2016	11086	Transfer	2603925	0.789
				19/8/2016	81276	Transfer	2685201	0.814
				31/3/2017	-179667	Transfer	2505534	0.759
8*	Aperios Emerging Connectivity Master Fund Limited	2152018	0.652	29/4/2016	-100000	Transfer	2052018	0.622
				13/5/2016	-500000	Transfer	1552018	0.470
				22/7/2016	-100000	Transfer	1452018	0.440
				28/7/2016	-325000	Transfer	1127018	0.342
				29/7/2016	-95000	Transfer	1032018	0.313
				5/8/2016	-105000	Transfer	927018	0.281
				12/8/2016	-360000	Transfer	567018	0.172
				19/8/2016	-100000	Transfer	467018	0.142
				9/9/2016	-259707	Transfer	207311	0.063
				16/9/2016	-39666	Transfer	167645	0.051
				23/9/2016	-167645	Transfer	0	0.000
9*	Nomura Singapore Limited	2042529	0.619	29/4/2016	-16212	Transfer	2026317	0.614
				6/5/2016	-1951649	Transfer	74668	0.023
				13/5/2016	-74668	Transfer	0	0.000
10	DSP Blackrock Micro CAP Fund	1983616	0.601	13/5/2016	115798	Transfer	2099414	0.636
				2/12/2016	770000	Transfer	2869414	0.870
				10/2/2017	82698	Transfer	2952112	0.895



Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Date	Increase / Decrease in the shareholding	Reason	Cumulative shareholding during the year	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
11**	NATIONAL WESTMINSTER BANK PLC AS TRUSTEE OF THE JUPITER INDIA FUND	0	0.000	09/09/2016	3760000	Transfer	3760000	1.139
				27/01/2017	51912	Transfer	3811912	1.155
				03/02/2017	38454	Transfer	3850366	1.167
				10/02/2017	38892	Transfer	3889258	1.179
				17/02/2017	30837	Transfer	3920095	1.188
				24/02/2017	2649	Transfer	3922744	1.189
12**	MOTILAL OSWAL MOST FOCUSED MIDCAP 30 FUND	0	0.000	06/05/2016	1712003	Transfer	1712003	0.519
				13/05/2016	385366	Transfer	2097369	0.636
				20/05/2016	683926	Transfer	2781295	0.843
				27/05/2016	85418	Transfer	2866713	0.869
				03/06/2016	42144	Transfer	2908857	0.882
				24/06/2016	11192	Transfer	2920049	0.885
				30/06/2016	24012	Transfer	2944061	0.892
				15/07/2016	-40158	Transfer	2903903	0.880
				12/08/2016	14579	Transfer	2918482	0.884
				07/10/2016	24736	Transfer	2943218	0.892
				28/10/2016	100000	Transfer	3043218	0.922
				02/12/2016	-5532	Transfer	3037686	0.921
				09/12/2016	39265	Transfer	3076951	0.932
				23/12/2016	6118	Transfer	3083069	0.934
				31/12/2016	82025	Transfer	3165094	0.959
				06/01/2017	122466	Transfer	3287560	0.996
13**	MALABAR INDIA FUND LIMITED	1785149	0.541	25/11/2016	40988	Transfer	1826137	0.553
				02/12/2016	159012	Transfer	1985149	0.602

\* Ceased to be in the list of top 10 shareholders as on 31.3.2017. However, the same has been reflected above since the shareholder was one of the top 10 shareholders as on 01.04.2016.

\*\* Not in the list of top 10 shareholders as on 01.04.2016. However, the same has been reflected above since the shareholder was one of the top 10 shareholders as on 31.03.2017.

#### (v). Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Date	Increase / Decrease in the shareholding	Reason	Cumulative shareholding during the year	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
<b>A. DIRECTORS</b>								
1	Mr. Dhruv M. Sawhney	24924645	7.553	-	0	-	24924645	7.553
2	Mr. Tarun Sawhney	14266775	4.324	-	0	-	14266775	4.324
3	Mr. Nikhil Sawhney	15071557	4.567	-	0	-	15071557	4.567
4	Mr. Arun Prabhakar Mote	72000	0.022	-	0	-	72000	0.022
5	Lt. Gen. K.K. Hazari (Retd.)	0	0	-	0	-	0	0
6	Mr. Shekhar Datta	10000	0.003	-	0	-	10000	0.003

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Date	Increase / Decrease in the shareholding	Reason	Cumulative shareholding during the year	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
7	Mr. Amal Ganguli	0	0	-	0	-	0	0
8	Dr. (Mrs.) Vasantha S. Bharucha	0	0	-	0	-	0	0
<b>B. KEY MANAGERIAL PERSONNEL</b>								
9	Mr. Deepak K Sen	0	0	-	0	-	0	0
10	Mr. Rajiv Sawhney	35475	0.011	-	0	-	35475	0.011

## V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
<b>1.4.2016</b>				
i) Principal Amount	7.54	-	-	7.54
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.06	-	-	0.06
<b>Total (i+ii+iii)</b>	<b>7.60</b>	<b>-</b>	<b>-</b>	<b>7.60</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	-	-	-	-
Reduction	3.39	-	-	3.39
Net Change	(3.39)	-	-	(3.39)
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	4.15	-	-	4.15
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.04	-	-	0.04
<b>Total (i+ii+iii)</b>	<b>4.19</b>	<b>-</b>	<b>-</b>	<b>4.19</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Mr. Dhruv M. Sawhney	Mr. Nikhil Sawhney	Mr. Arun Prabhakar Mote	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Nil	25.29	19.67	44.96
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	0.86	0.13	0.99
	(c) Profits in lieu of salary under 17(3) Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
	- as % of profit	-	-	-	-
	- others (Performance Bonus)	-	-	-	-
5.	Others (Retiral Benefits)	Nil	4.04	0.97	5.01
	<b>Total (A)</b>	<b>Nil</b>	<b>30.19</b>	<b>20.77</b>	<b>50.96</b>

Ceiling as per the Act

₹ 180.81 Million (Being 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013).

**B. Remuneration to other directors:**

Sl. No.	Particulars of Remuneration	Fee for attending board/ committee meetings	Commission	Others, please specify	Total Amount
<b>1.</b>	<b>Independent Directors</b>				
	Lt. Gen. K.K. Hazari (Retd.)	0.62	1.40	-	2.02
	Mr. Amal Ganguli	0.45	1.20	-	1.65
	Mr. Shekhar Datta	0.40	1.20	-	1.60
	Dr. (Mrs.) Vasantha S. Bharucha	0.47	1.40	-	1.87
	<b>Total (1)</b>	<b>1.94</b>	<b>5.20</b>	<b>-</b>	<b>7.14</b>
<b>2.</b>	<b>Other Non-Executive Directors</b>				
	Mr. Tarun Sawhney	0.44	1.20	-	1.64
	<b>Total (2)</b>	<b>0.44</b>	<b>1.20</b>	<b>-</b>	<b>1.64</b>
	<b>Total (B) = (1+2)</b>	<b>2.38</b>	<b>6.40</b>	<b>-</b>	<b>8.78</b>
	<b>Total Managerial Remuneration (A+B)</b>				<b>59.74</b>
	Overall ceiling as per the Act			₹ 18.08 million being 1% of the net profits of the Company Calculated as per Section 198 of the Companies Act, 2013	

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER/WTD**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	CFO	CS	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NA	4.86	2.04	6.90
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NA	0.03	0.02	0.05
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NA	Nil	Nil	Nil
2	Stock Option	NA	Nil	Nil	Nil
3	Sweat Equity	NA	Nil	Nil	Nil
4	Commission				
	- as % of profit	NA	Nil	Nil	Nil
	- others	NA	Nil	Nil	Nil
5	Others (Retiral Benefits)	NA	0.34	0.24	0.58
	<b>Total</b>	<b>NA</b>	<b>5.23</b>	<b>2.30</b>	<b>7.53</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT / COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty					
Punishment			None		
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment			None		
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment			None		
Compounding					

# INDEPENDENT AUDITORS' REPORT

## To the Members of Triveni Turbine Limited

### Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Triveni Turbine Limited ('the Company'), which comprise the balance sheet as at March 31, 2017, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

### Management's Responsibility for the Standalone Financial Statements

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

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 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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2017, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### 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 Order.



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;
- (c) the balance sheet, the statement of profit and loss, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
- (d) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;
- (e) On the basis of written representations received from the directors as on March 31, 2017, except for one director (since deceased), and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2017, 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 Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- (g) 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 the impact of pending litigation on its financial position in its standalone Ind AS financial statements. Refer Note 42 of the standalone Ind AS financial statements;
- ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
- iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and
- iv) The Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 44 to the standalone Ind AS financial statements.

For **J.C. Bhalla & Co.**  
**Chartered Accountants**  
 Firm Regn. No. 001111N

**Sudhir Mallick**

Partner

Membership No. 80051

Place: Noida (U.P.)

Date : May 18, 2017

## ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statements for the year ended March 31, 2017, we report that:

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year. As explained to us, no material discrepancies were noticed on such verification as compared to the book records. In our opinion the frequency of verification is reasonable having regard to the size of the Company and nature of its activities.
- (c) According to the information and explanation given to us and on the basis of examination of title deeds, other relevant records provided to us evidencing the title, confirmation from the lenders with whom title deeds have been deposited as security for banking facilities and legal opinion obtained by the Company, we report that the title deeds of all the immovable properties, as disclosed in note 3 on Property, Plant & Equipment to the standalone Ind AS financial statements are held in the name of the Company.
2. Inventories have substantially been physically verified by the Management to the extent practicable at reasonable intervals during the year. In our opinion the frequency of verification is reasonable. The discrepancies noticed on physical verification as compared to the book records were not material having regard to the size and nature of the operations of the Company and have been properly adjusted in the books of account.
3. According to the information and explanation given to us, the Company has not granted any loan, secured or unsecured to companies, firms, limited liability partnership or other parties covered in the register maintained under Section 189 of the Act. Accordingly clauses 3(iii)(a), 3(iii)(b) & 3(iii)(c) of the Order are not applicable to the Company.
4. According to the information and explanations given to us and in our opinion the Company has not advanced any loan, investment, guarantee or security to any person as specified under sections 185 of the Act. The Company has not advanced any loan, guarantee or security to any person within the meaning of section 186 of the Act. The Company has complied with the provisions of section 186 of the Act with regards to investment made.
5. The Company has not accepted any deposits from the public under the provisions of Sections 73 to 76 of the Act or other relevant provisions of the Act and rules framed there under.
6. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for maintenance of cost records under section 148 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
7. (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, customs duty, excise duty, value added tax, cess and other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of sales tax, customs duty and cess which have not been deposited on account of any dispute. Disputed service tax, excise duty, income tax and value added tax which have not been deposited on account of matters pending before appropriate authorities is as under:

S. No.	Name of the Statute	Nature of Dues	Amount (₹ in Million)	Amount Paid (₹ in Million)	Period to which it relates	Forum where Dispute is pending
1	Finance Act, 1994	Service Tax Interest Penalty	3.25 4.80 3.25	3.57	FY 2008-09 to FY 2011-12	CESTAT, Bangalore
2	Finance Act, 1994	Service Tax Interest Penalty	10.32 15.52 10.32	1.27	FY 2007-08 to FY 2011-12	CESTAT, Bangalore
3	Central Excise Act, 1944	Excise Duty Interest Penalty	2.12 3.17 2.12	0.09	FY 2007-08	CESTAT, Bangalore
4	Income Tax Act, 1961	Income Tax	36.62	-	AY 2013-14	Commissioner of income tax (Appeal)
5	Income Tax Act, 1961	Income Tax	2.57	-	AY 2014-15	Commissioner of income tax (Appeal)
6	Karnataka Value Added Tax Act, 2003	VAT	61.96	-	FY 2013-14	Karnataka High Court

8. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to banks during the year. The Company has no outstanding dues in respect of financial institutions, government or debenture holders.
9. In our opinion and according to information and explanation given by the management, the term loans obtained by the Company have been applied for the purpose for which they were raised. According to the information and explanation given to us, there was no money raised by way of initial public offer or further public offer by the Company during the year.
10. During the course of our examination of the books of accounts and records carried out in accordance with the generally accepted auditing practices and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
11. According to the information and explanation given to us, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, clause 3(xii) of the Order is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(xiv) of the Order is not applicable.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, clause 3(xv) of the Order is not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **J.C. Bhalla & Co.**  
**Chartered Accountants**  
 Firm Regn. No. 001111N

**Sudhir Mallick**

Partner

Membership No. 80051

Place: Noida (U.P.)  
 Date : May 18, 2017

## ANNEXURE B TO THE INDEPENDENT AUDITORS' 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 Triveni Turbine Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

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

### **Auditors' Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls

system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be



detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017,

based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For **J.C. Bhalla & Co.**  
**Chartered Accountants**  
Firm Regn. No. 001111N

**Sudhir Mallick**  
Partner  
Membership No. 80051

Place: Noida (U.P.)  
Date : May 18, 2017

# BALANCE SHEET

as at March 31, 2017

	Note No.	31-Mar-17	31-Mar-16	(₹ in Million) 1-Apr-15
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	3	2,265.81	1,263.71	1,306.15
Capital work-in-progress	3	103.02	328.78	61.03
Intangible assets	4	52.86	52.61	44.57
Investments in subsidiary and joint venture	5 (a)	98.47	98.47	84.67
Financial assets				
i. Trade receivables	6	12.55	11.57	10.67
ii. Loans	7	0.35	0.18	0.30
iii. Other financial assets	8	5.40	3.51	2.95
Other non-current assets	9	190.62	150.15	91.05
Income tax assets (net)	21	12.68	12.68	12.68
<b>Total non-current assets</b>		<b>2,741.76</b>	<b>1,921.66</b>	<b>1,614.07</b>
<b>Current assets</b>				
Inventories	10	1,458.66	1,567.49	1,172.83
Financial assets				
i. Investments	5 (b)	40.12	111.51	60.23
ii. Trade receivables	6	1,489.38	1,322.71	1,682.60
iii. Cash and cash equivalents	11 (a)	87.33	268.09	39.50
iv. Bank balances other than cash and cash equivalents	11 (b)	1.08	0.99	0.79
v. Loans	7	2.41	2.06	2.45
vi. Other financial assets	8	52.73	67.70	57.99
Other current assets	9	392.27	480.24	426.09
		<b>3,523.98</b>	<b>3,820.79</b>	<b>3,442.48</b>
Assets classified as held for sale	12	6.05	-	-
<b>Total current assets</b>		<b>3,530.03</b>	<b>3,820.79</b>	<b>3,442.48</b>
<b>Total assets</b>		<b>6,271.79</b>	<b>5,742.45</b>	<b>5,056.55</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	13	329.97	329.97	329.97
Other equity	14	3,627.05	2,656.95	2,239.87
<b>Total equity</b>		<b>3,957.02</b>	<b>2,986.92</b>	<b>2,569.84</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Financial Liabilities				
i. Borrowings	15	2.38	4.16	5.09
Provisions	16	74.13	44.33	44.34
Deferred tax liabilities (net)	22	108.81	96.22	78.32
<b>Total non-current liabilities</b>		<b>185.32</b>	<b>144.71</b>	<b>127.75</b>
<b>Current liabilities</b>				
Financial liabilities				
i. Borrowings	17	-	-	6.00
ii. Trade payables	18	921.64	881.33	1,127.59
iii. Other financial liabilities	19	134.98	69.70	24.96
Other current liabilities	20	935.44	1,527.34	1,050.29
Provisions	16	70.12	77.58	124.69
Income tax liabilities (net)	21	67.27	54.87	24.83
<b>Total current liabilities</b>		<b>2,129.45</b>	<b>2,610.82</b>	<b>2,358.96</b>
<b>Total liabilities</b>		<b>2,314.77</b>	<b>2,755.53</b>	<b>2,486.71</b>
<b>Total equity and liabilities</b>		<b>6,271.79</b>	<b>5,742.45</b>	<b>5,056.55</b>

The accompanying notes 1 to 48 form an integral part of the standalone financial statements

As per our report of even date attached

**For J.C. Bhalla & Company**  
**Chartered Accountants**

Firm's registration number : 001111N

**Sudhir Mallick**

Partner

Membership No. 80051

Place : Noida (U.P.)

Date : May 18, 2017

For and on behalf of the Board of Directors of Triveni Turbine Limited

**Dhruv M. Sawhney**

Chairman & Managing Director

**Deepak Kumar Sen**

Executive Vice President & CFO

**Lt. Gen. K K Hazari (Retd.)**

Director & Chairman Audit Committee

**Rajiv Sawhney**

Company Secretary

# STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2017

	Note No.	31-Mar-17	31-Mar-16
(₹ in Million)			
Revenue from operations	23	7,537.24	7,351.02
Other income	24	285.67	214.95
<b>Total income</b>		<b>7,822.91</b>	<b>7,565.97</b>
<b>Expenses</b>			
Cost of materials consumed	25	3,865.16	4,248.59
Changes in inventories of finished goods and work-in-progress	26	33.03	(254.25)
Excise duty on sale of products		209.63	265.95
Employee benefits expense	27	742.48	635.84
Finance costs	28	3.32	3.43
Depreciation and amortisation expense	29	147.96	152.67
Impairment loss on financial assets (including reversals of impairment losses)	30	6.53	(7.03)
Other expenses	31	1,048.68	891.40
<b>Total expenses</b>		<b>6,056.79</b>	<b>5,936.60</b>
<b>Profit before tax</b>		<b>1,766.12</b>	<b>1,629.37</b>
Tax expense:			
- Current tax	32	584.76	523.13
- Deferred tax	32	19.50	16.55
<b>Total tax expense</b>		<b>604.26</b>	<b>539.68</b>
<b>Profit for the year</b>		<b>1,161.86</b>	<b>1,089.69</b>
<b>Other comprehensive income</b>			
A (i) Items that will not be reclassified to profit or loss			
- Remeasurements of the defined benefit plans	14 (iv), 35	(19.94)	3.89
		<b>(19.94)</b>	<b>3.89</b>
(ii) Income tax relating to items that will not be reclassified to profit & loss	32	(6.90)	1.35
		<b>(13.04)</b>	<b>2.54</b>
B (i) Items that may be reclassified to profit or loss		-	-
(ii) Income tax relating to items that may be reclassified to profit & loss	32	-	-
<b>Other comprehensive income for the year, net of tax</b>		<b>(13.04)</b>	<b>2.54</b>
<b>Total comprehensive income for the year</b>		<b>1,148.82</b>	<b>1,092.23</b>
<b>Earnings per equity share of ₹ 1 each</b>			
Basic earnings per share	33	3.52	3.30
Diluted earnings per share	33	3.52	3.30

The accompanying notes 1 to 48 form an integral part of the standalone financial statements

As per our report of even date attached

**For J.C. Bhalla & Company**

**Chartered Accountants**

Firm's registration number : 001111N

**Sudhir Mallick**

Partner

Membership No. 80051

Place : Noida (U.P.)

Date : May 18, 2017

For and on behalf of the Board of Directors of Triveni Turbine Limited

**Dhruv M. Sawhney**

Chairman & Managing Director

**Deepak Kumar Sen**

Executive Vice President & CFO

**Lt. Gen. K K Hazari (Retd.)**

Director & Chairman Audit Committee

**Rajiv Sawhney**

Company Secretary

# STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2017

## A. EQUITY SHARE CAPITAL

Equity shares of ₹ 1 each issued, subscribed and fully paid up

	(₹ in Million)
As at 1 April 2015	329.97
Changes in equity share capital	-
<b>As at 31 March 2016</b>	<b>329.97</b>
Changes in equity share capital	-
<b>As at 31 March 2017</b>	<b>329.97</b>

## B. OTHER EQUITY

	Reserves and surplus				Total other equity
	Capital redemption reserve	Securities premium	General reserve	Retained earnings	
<b>Balance as at 1 April 2015</b>	<b>28.00</b>	<b>4.69</b>	<b>839.23</b>	<b>1,367.95</b>	<b>2,239.87</b>
Profit for the year	-	-	-	1,089.69	1,089.69
Other comprehensive income, net of income tax	-	-	-	2.54	2.54
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,092.23</b>	<b>1,092.23</b>
Dividends paid	-	-	-	(560.95)	(560.95)
Dividend distribution tax	-	-	-	(114.20)	(114.20)
<b>Balance as at 31 March 2016</b>	<b>28.00</b>	<b>4.69</b>	<b>839.23</b>	<b>1,785.03</b>	<b>2,656.95</b>
Profit for the year	-	-	-	1,161.86	1,161.86
Other comprehensive income, net of income tax	-	-	-	(13.04)	(13.04)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,148.82</b>	<b>1,148.82</b>
Dividends paid	-	-	-	(148.49)	(148.49)
Dividend distribution tax	-	-	-	(30.23)	(30.23)
<b>Balance as at 31 March 2017</b>	<b>28.00</b>	<b>4.69</b>	<b>839.23</b>	<b>2,755.13</b>	<b>3,627.05</b>

The accompanying notes 1 to 48 form an integral part of the standalone financial statements

As per our report of even date attached

**For J.C. Bhalla & Company**  
Chartered Accountants

Firm's registration number : 001111N

**Sudhir Mallick**  
Partner  
Membership No. 80051

Place : Noida (U.P.)  
Date : May 18, 2017

For and on behalf of the Board of Directors of Triveni Turbine Limited

**Dhruv M. Sawhney**  
Chairman & Managing Director

**Deepak Kumar Sen**  
Executive Vice President & CFO

**Lt. Gen. K K Hazari (Retd.)**  
Director & Chairman Audit Committee

**Rajiv Sawhney**  
Company Secretary

# STATEMENT OF CASH FLOWS

for the year ended March 31, 2017

	31-Mar-17	31-Mar-16
		(₹ in Million)
<b>Cash flows from operating activities</b>		
Profit before tax	1,766.12	1,629.37
Adjustments for		
Depreciation/amortisation	147.96	152.67
Loss on sale/write off/impairment of property, plant and equipment	2.30	0.65
Net profit on sale/redemption of investments	(22.51)	(18.18)
Net fair value losses / (gains) on current investments	0.68	(0.57)
Interest income	(1.37)	(1.93)
Finance costs	3.32	3.43
Unrealised losses/(gains) from changes in foreign exchange rates	18.84	5.40
Mark-to-market losses/(gains) on derivatives	(48.93)	(49.62)
Working capital adjustments :		
Change in trade receivables	(186.92)	354.74
Change in inventories	108.83	(394.66)
Change in trade payables	41.72	(246.51)
Change in other financial assets	61.39	39.64
Change in other assets	43.37	(60.41)
Change in provisions	2.40	(43.24)
Change in other financial liabilities	(28.86)	30.90
Change in other liabilities	(591.90)	487.22
<b>Cash generated from operations</b>	<b>1316.44</b>	<b>1888.90</b>
Income tax paid	(572.36)	(493.08)
<b>Net cash inflow from operating activities</b>	<b>744.08</b>	<b>1395.82</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(833.72)	(426.48)
Proceeds from sale of property, plant and equipment	0.63	0.57
Investment in subsidiary	-	(13.80)
Purchase of investments	(800.00)	(2,270.00)
Proceeds from sale of investments	893.22	2,237.47
Interest received	0.39	1.07
<b>Net cash outflow from investing activities</b>	<b>(739.48)</b>	<b>(471.17)</b>
<b>Cash flows from financing activities</b>		
Proceeds from long term borrowings	-	2.78
Repayment of long term borrowings	(3.38)	(3.67)
Repayment of short term borrowings	-	(6.60)
Interest paid	(3.35)	(13.61)
Dividend paid to Company's shareholders	(148.40)	(560.76)
Dividend distribution tax	(30.23)	(114.20)
<b>Net cash outflow from financing activities</b>	<b>(185.36)</b>	<b>(696.06)</b>
Net increase/(decrease) in cash and cash equivalents	(180.76)	228.59
Cash and cash equivalents at the beginning of the year (refer note 11 (a))	268.09	39.50
<b>Cash and cash equivalents at the end of the year (refer note 11 (a))</b>	<b>87.33</b>	<b>268.09</b>

The accompanying notes 1 to 48 form an integral part of the standalone financial statements

As per our report of even date attached

**For J.C. Bhalla & Company**  
**Chartered Accountants**

Firm's registration number : 001111N

**Sudhir Mallick**

Partner

Membership No. 80051

Place : Noida (U.P.)

Date : May 18, 2017

For and on behalf of the Board of Directors of Triveni Turbine Limited

**Dhruv M. Sawhney**

Chairman & Managing Director

**Deepak Kumar Sen**

Executive Vice President & CFO

**Lt. Gen. K K Hazari (Retd.)**

Director & Chairman Audit Committee

**Rajiv Sawhney**

Company Secretary



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

## CORPORATE INFORMATION

Triveni Turbine Limited (“the Company”) is a company limited by shares, incorporated, domiciled in India. The Company’s equity shares are listed at two recognised stock exchanges in India (BSE and NSE). The registered office of the Company is located at A-44, Hosiery Complex, Phase II extension, Noida, Uttar Pradesh- 201305. The Company is primarily engaged in business of manufacture and supply of power generating equipment and solutions and has manufacturing facilities at Bengaluru, Karnataka.

### 1. Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### (a) Basis of preparation and presentation

##### (i) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements up to year ended 31 March 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP).

These financial statements are the first financial statements of the Company under Ind AS. The date of transition to Ind AS is 1 April 2015. Refer note 46 for the details of first-time adoption exemptions availed by the Company and an explanation of how the transition from previous GAAP to Ind AS has affected the Company’s financial position, financial performance and cash flows.

##### (ii) Historical cost convention

The financial statements have been prepared on a historical cost basis except for certain assets and liabilities (including derivative instruments) that are measured at fair values at the end

of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 Inventories or value in use in Ind AS 36 Impairment of Assets.

#### (b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, other similar allowances, value added taxes, service tax and amounts collected on behalf of third parties, if any.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company’s activities as described below.

#### Recognising revenue from major business activities

##### (i) Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

## (ii) Rendering of services

Revenue from a contract to provide services is recognised when the outcome of a transaction involving the rendering of services can be estimated reliably, by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- erection & commissioning / service revenue is recognised by reference to the stage of completion of the erection & commissioning/service, determined based on technical estimate of completion of physical proportion of the contract work;
- operation & maintenance revenue is recognised by reference to the stage of completion of operations & maintenance work, determined as the proportion of the total period of services contract that has elapsed at the end of the reporting period

## (iii) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at

the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

## (iv) Construction contracts

When the outcome of a construction contract can be estimated reliably, revenue is recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the balance sheet, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the balance sheet under trade receivables

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

## (v) Royalties

Income from royalty is recognised as per the contractual arrangement with the Licensee upon supply of turbine manufactured with the technical know-how provided by the Company to the Licensee (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

## (vi) Rental income

The Company's policy for recognition of revenue from operating leases is described in note 1(d) below.

## (c) Government grants

Grants from the government are recognised where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented either within other income or net of related costs.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit & loss in the period in which they become receivable.

## (d) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

### (i) As a lessee

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance expenses and

reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs (see note 1(g) below).

Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases in which case lease expenses are charged to profit or loss on the basis of actual payments to the lessors.

### (ii) As a lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

## (e) Foreign currency translation

### (i) Functional and presentation currency

The financial statements are presented in Indian rupee (₹), which is Company's functional and presentation currency unless stated otherwise.

### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss in the period in which they arise.

Foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/(losses).

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

## (f) Impairment of non-financial assets

Non- financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non- financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

## (g) Borrowing costs

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

Other borrowing costs are expensed in the period in which they are incurred.

## (h) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

### (i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

### (ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of

assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

### (iii) Current and deferred tax for the year

Current and deferred tax are recognised in 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

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

## (i) Property, plant and equipment

Property, plant and equipment are tangible items that are held for use in the production or supply for goods and services, rental to others or for administrative purposes and are expected to be used during more than one period. The cost of an item of property, plant and equipment shall be recognised as an asset if and only if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Freehold land is carried at cost. All other items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Each part of item of property, plant and equipment, if significant in relation to the total cost of the item, is depreciated separately. Further, parts of plant and equipment that are technically advised to be replaced at prescribed intervals/period of operation, insurance spares and cost of inspection/overhauling are depreciated separately based on their specific useful life provided these are of significant amounts commensurate with the size of the Company and scale of its operations. The carrying amount of any equipment / inspection / overhauling accounted for as separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

An item of property, plant and equipment is derecognised 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 property,

plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

## Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015 (transition date) measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

## Depreciation methods, estimated useful lives and residual value

Depreciation commences when the assets are ready for their intended use. Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives.

The management has estimated the useful lives and residual values of all property, plant and equipment and adopted useful lives as stated in Schedule II along with residual values of 5% except for the following:

- On the basis of technical assessment involving technology obsolescence and past experience:
  - ♦ mobile phones costing ₹ 5,000/- or more are depreciated over two years.
  - ♦ patterns, tools, jigs, fixtures etc. are depreciated over three years.
  - ♦ machinery spares are depreciated over a life ranging from three to five years.
- Assets costing less than ₹ 5,000/- are fully depreciated in the year of purchase.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

that the Company will obtain ownership at the end of the lease term.

### (j) Intangible assets

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. 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.

Estimated useful lives of the intangible assets are as follows:

Assets	Estimated useful life
Computer software	36 months
Website development cost	36 months
Designs and drawings	72 months

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

### Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- its intention to complete and its ability and intention to use or sell the asset;
- how the asset will generate probable future economic benefits;
- the availability of adequate technical,

financial and other resources to complete the development and to use or sell the asset; and

- the ability to measure reliably the expenditure attributable to asset during its development.

The amount initially recognised for intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no intangible assets can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Subsequent to initial recognition, such intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as of acquired intangible assets.

### Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of intangible assets recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

### (k) Inventories

- Inventories of raw materials, components, stores and spares are valued at lower of cost and net realizable value. Cost for the purpose of valuation of such inventories is determined on weighted average basis.
- Finished goods and work-in-progress are valued at lower of cost and net realizable value. The cost of finished goods and work-in-progress includes raw material costs, direct cost of conversion and proportionate allocation of indirect costs incurred in bringing the inventories to their present location and condition. Excise duty is included in the value of finished goods.

### (l) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale. They are measured at the lower of their carrying amount and fair value less costs to sell.

## **(m) Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When the effect of the time value of money is material, provision is measured at the present value of cash flows estimated to settle the present obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

## **(n) Employee benefits**

### **(i) Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the undiscounted amounts expected to be paid when the liabilities are settled. The liabilities are presented as current benefit obligations in the balance sheet.

### **(ii) Other long-term employee benefit obligations**

Other long-term employee benefits includes earned leaves, sick leaves and employee retention bonus.

### **Earned leaves and sick leaves**

The liabilities for earned leaves and sick leaves are not expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. They are therefore measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit & loss. The obligations are presented as provisions in the balance sheet.

### **Employee retention bonus**

The Company, as a part of retention policy, pays retention bonus to certain employees after completion of specified period of service. The timing of the outflows is expected to be within a period of five years. They are therefore measured at the present value of expected future payments, at the end of each annual reporting period in accordance with management best estimates. This cost is included in employee benefit expense in the statement of profit and loss with corresponding provisions in the balance sheet.

### **(iii) Post-employment obligations**

The Company operates the following post-employment schemes:

- defined benefit plan towards payment of gratuity; and
- defined contribution plans towards provident fund & employee pension scheme, employee state insurance and superannuation scheme.

### **Defined benefit plans**

The Company provides for gratuity obligations through a defined benefit retirement plan (the

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

'Gratuity Plan') covering all employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement/termination of employment or death of an employee, based on the respective employees' salary and years of employment with the Company.

The liability or asset recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The present value of the defined benefit obligation is determined using projected unit credit method by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation, with actuarial valuations being carried out at the end of each annual reporting period.

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 expense in the statement of profit and loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

## Defined contribution plans

Defined contribution plans are retirement benefit plans under which the Company pays fixed contributions to separate entities (funds) or financial institutions or state managed benefit schemes. The Company has no further payment obligations once the contributions have been paid. The defined contributions plans are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

- **Provident Fund Plan & Employee Pension Scheme**

The Company makes monthly contributions at prescribed rates towards Employees' Provident Fund/ Employees' Pension Scheme to a Fund administered and managed by the Government of India.

- **Employee State Insurance**

The Company makes prescribed monthly contributions towards Employees' State Insurance Scheme.

- **Superannuation Scheme**

The Company contributes towards a fund established by the Company to provide superannuation benefit to certain employees in terms of Group Superannuation Policies entered into by such fund with the Life Insurance Corporation of India.

## (o) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed by the end of the reporting period.

## (p) Financial assets

### (i) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For assets in the nature of debt instruments, this will depend on the business model. For assets in the nature of equity instruments, this will depend on whether

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

the Company has made an irrevocable election at the time of initial recognition to account for the equity instrument at fair value through other comprehensive income.

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

## (ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

### Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is recognised using the effective interest rate method.
- **Fair value through other comprehensive income (FVTOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVTOCI). Movements in the carrying amount are taken through OCI, except for the

recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method.

- **Fair value through profit or loss (FVTPL):** Assets that do not meet the criteria for amortised cost or FVTOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

### Equity instruments

The Company subsequently measures all equity investments at fair value, except for equity investments in subsidiary and joint venture where the Company has the option to either measure it at cost or fair value. The Company has opted to measure equity investments in subsidiary and joint venture at cost. Where the Company's management elects to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

## (iii) Impairment of financial assets

In accordance with Ind AS 109 Financial Instruments, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss associated with

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

its financial assets carried at amortised cost and FVTOCI debt instruments.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 Construction Contracts and Ind AS 18 Revenue, the Company applies simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected life time losses to be recognised after initial recognition of receivables. For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, twelve months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on twelve-months ECL.

ECL represents expected credit loss resulting from all possible defaults and is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive, discounted at the original effective interest rate. While determining cash flows, cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms are also considered.

ECL is determined with reference to historically observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates. Note 38 details how the Company determines expected credit loss.

#### (iv) Derecognition of financial assets

A financial asset is derecognised only when

- the Company has transferred the rights to receive cash flows from the financial asset; or

- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, it evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the Company has neither transferred a financial asset nor retained substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety, the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

## (v) Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. 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 a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

## (q) Financial liabilities and equity instruments

### (i) Classification

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

#### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

#### Financial liabilities

The Company classifies its financial liabilities in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss, and
- those measured at amortised cost.

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or it is designated as at FVTPL, other financial liabilities are measured at amortised cost at the end of subsequent accounting periods.

## (ii) Measurement

### Equity instruments

Equity instruments issued by the Company are recognised at the proceeds received. Transaction cost of equity transactions shall be accounted for as a deduction from equity.

### Financial liabilities

At initial recognition, the Company measures a financial liability at its fair value net of, in the case of a financial liability not measured at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liability. Transaction costs of financial liability carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement of financial liabilities depends on the classification of financial liabilities. There are two measurement categories into which the Company classifies its financial liabilities:

- **Fair value through profit or loss (FVTPL):** Financial liabilities are classified as at FVTPL when the financial liability is held for trading or it is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.
- **Amortised cost:** Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

## (iii) Derecognition

### Equity instruments

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

### Financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

## (iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of a financial liability.

## (v) Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'. The fair value of financial liabilities

denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

## (r) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

## (s) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

## (t) Fair value of financial instruments

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

## 2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

### (a) Critical accounting judgements

In the process of applying the Company's accounting policies, management has made the following judgement, which has the most significant effect on the amounts recognised in the financial statements:

#### (i) Classification of GE Triveni Limited as a Joint Venture

The Company holds more than 50% stake in the equity share capital (i.e. holding 8,000,001 equity shares out of total 16,000,000 equity shares) of GE Triveni Limited (GETL) and the balance share capital is being held by GE Mauritius Infrastructure Holdings Limited. By virtue of agreements between the shareholders, relevant terms of which are enshrined in the Articles of Association of GETL, it has been considered that the Company has joint control over GETL alongwith the other shareholder since unanimous consent of both the shareholders is required in respect of significant financial, operating strategic and managerial decisions. Accordingly investments in equity shares of GETL is classified as investment in joint venture.

#### (b) Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation

uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### (i) Employee benefit plans

The cost of the defined benefit plans and other long term employee benefits and the present value of the obligation thereon are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, attrition and mortality rates. Due to the complexities involved in the valuation and its long-term nature, obligation amount is highly sensitive to changes in these assumptions.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans, the management considers the interest rates of government bonds. Future salary increases are based on expected future inflation rates and expected salary trends in the industry. Attrition rates are considered based on past observable data on employees leaving the services of the Company. The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. See note 35 for further disclosures.

#### (ii) Provision for warranty claims

The Company, in the usual course of sale of its products, gives warranties on certain products and services, undertaking to repair or replace the items that fail to perform satisfactorily during the specified warranty period. Provisions made represent the amount of expected cost of meeting such obligations of rectifications / replacements based on best estimate considering the historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts. The assumptions made in relation to the current period are consistent with those in the prior years.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

### (iii) Provision for liquidated damages

It represents the potential liability which may arise from contractual obligation towards customers with respect to matters relating to delivery and performance of the Company's products. The provision represents the amount estimated to meet the cost of such obligations based on best estimate considering the historical trends, merits of the case and apportionment of delays between the contracting parties.

### (iv) Provision for litigations and contingencies

The provision for litigations and contingencies are determined based on evaluation made by the management of the present obligation arising from past events the settlement of which is expected to result in outflow of resources embodying economic benefits, which involves judgements around estimating the ultimate outcome of such past events and measurement of the obligation amount.

### (v) Useful life and residual value of plant, property equipment and intangible assets

The useful life and residual value of plant, property equipment and intangible assets are determined based on technical evaluation made by the management of the expected

usage of the asset, the physical wear and tear and technical or commercial obsolescence of the asset. Due to the judgements involved in such estimations, the useful life and residual value are sensitive to the actual usage in future period.

### (vi) Tax charge on intangible assets recognised at time of vesting of turbine business

The Company has been claiming allowance for depreciation on written down value method on certain intangibles recognised upon vesting of the steam turbine business in earlier years pursuant to a scheme of demerger. While such claims for certain years have been adjudicated in favor of the Company at the first appellate stage, the Revenue department has consistently disallowed the same in tax assessments. In view of uncertainty with regard to the ultimate decision in such matter at higher judicial forums, the Company has not considered the benefit of the aforesaid favorable decisions and has continued to recognise charge for tax without considering depreciation benefits on such intangible assets, the tax effect of which aggregates to ₹ 187.19 Million till 31 March 2017 (31 March 2016: ₹ 187.19 Million).

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

## 3. PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

	Property, plant and equipment							Capital work-in progress		
	Freehold Land	Leasehold Land	Buildings	Plant and Equipment	Office Equipment	Furniture & Fixtures	Vehicles		Computers	Total
<b>Year ended 31 March 2016</b>										
<b>Gross carrying amount</b>										
Deemed cost as at 1 April 2015	36.42	388.65	241.16	568.41	7.29	19.83	26.26	18.13	1,306.15	61.03
Additions	-	-	-	74.86	3.51	0.19	3.12	9.86	91.54	294.97
Disposals	-	-	-	(0.03)	(0.01)	-	(0.92)	(0.31)	(1.27)	-
Transfers	-	-	-	-	-	-	-	-	-	(27.22)
<b>Closing gross carrying amount</b>	<b>36.42</b>	<b>388.65</b>	<b>241.16</b>	<b>643.24</b>	<b>10.79</b>	<b>20.02</b>	<b>28.46</b>	<b>27.68</b>	<b>1,396.42</b>	<b>328.78</b>
<b>Accumulated depreciation</b>										
Depreciation charge during the year	-	-	7.99	103.82	3.09	5.99	4.51	7.35	132.75	-
Disposals	-	-	-	(0.01)	-	-	(0.01)	(0.02)	(0.04)	-
<b>Closing accumulated depreciation</b>	<b>-</b>	<b>-</b>	<b>7.99</b>	<b>103.81</b>	<b>3.09</b>	<b>5.99</b>	<b>4.50</b>	<b>7.33</b>	<b>132.71</b>	<b>-</b>
<b>Net carrying amount</b>	<b>36.42</b>	<b>388.65</b>	<b>233.17</b>	<b>539.43</b>	<b>7.70</b>	<b>14.03</b>	<b>23.96</b>	<b>20.35</b>	<b>1,263.71</b>	<b>328.78</b>
<b>Year ended 31 March 2017</b>										
<b>Gross carrying amount</b>										
Opening gross carrying amount	36.42	388.65	241.16	643.24	10.79	20.02	28.46	27.68	1,396.42	328.78
Additions	-	-	842.34	221.60	5.67	30.35	21.30	15.16	1,136.42	848.14
Disposals	-	-	-	(0.45)	(0.33)	-	(1.56)	(1.21)	(3.55)	(1,073.90)
Other adjustments (see (v) below)	-	-	-	(8.68)	-	-	-	-	(8.68)	-
<b>Closing gross carrying amount</b>	<b>36.42</b>	<b>388.65</b>	<b>1,083.50</b>	<b>855.71</b>	<b>16.13</b>	<b>50.37</b>	<b>48.20</b>	<b>41.63</b>	<b>2,520.61</b>	<b>103.02</b>
<b>Accumulated depreciation</b>										
Opening accumulated depreciation	-	-	7.99	103.81	3.09	5.99	4.50	7.33	132.71	-
Depreciation charge during the year	-	-	11.53	92.90	2.79	3.74	5.47	8.92	125.35	-
Disposals	-	-	-	(0.01)	(0.04)	-	(0.39)	(0.19)	(0.63)	-
Other adjustments (see (v) below)	-	-	-	(2.63)	-	-	-	-	(2.623)	-
<b>Closing accumulated depreciation</b>	<b>-</b>	<b>-</b>	<b>19.52</b>	<b>194.07</b>	<b>5.84</b>	<b>9.73</b>	<b>9.58</b>	<b>16.06</b>	<b>254.80</b>	<b>-</b>
<b>Net carrying amount</b>	<b>36.42</b>	<b>388.65</b>	<b>1,063.98</b>	<b>661.64</b>	<b>10.29</b>	<b>40.64</b>	<b>38.62</b>	<b>25.57</b>	<b>2,265.81</b>	<b>103.02</b>

### Notes:

- (i) Leased assets  
The leasehold land above represents land at Sompura, acquired by the Company during financial year 2014-15 from Karnataka Industrial Areas Development Board, on a lease-cum-sale basis. The land is under lease for initial period of ten years thereafter the ownership of the land will be transferred in favour of the Company and accordingly has been considered as land under finance lease (refer note 40(i)).
- (ii) Restrictions on Property, plant and equipment  
Refer note 15 & 17 for information on charges created on property, plant and equipment.
- (iii) Contractual commitments  
Refer note 41 for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- (iv) Capital work-in-progress  
Capital work-in-progress mainly comprises new manufacturing facility at Sompura in the process of being installed.
- (v) Other adjustments  
Represent certain obsolete machines which the Company intends to dispose of and thus has been classified as assets held for sale (refer note 12).



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

### 4. INTANGIBLE ASSETS

	Computer software	Website	Design and Drawings	(₹ in Million) Total
<b>Year ended 31 March 2016</b>				
Gross carrying amount				
Deemed cost as at 1 April 2015	13.53	0.23	30.81	44.57
Additions	20.37	1.19	6.70	28.26
<b>Closing gross carrying amount</b>	<b>33.90</b>	<b>1.42</b>	<b>37.51</b>	<b>72.83</b>
Accumulated amortisation				
Amortisation charge for the year	10.88	0.49	8.85	20.22
<b>Closing accumulated amortisation</b>	<b>10.88</b>	<b>0.49</b>	<b>8.85</b>	<b>20.22</b>
<b>Closing net carrying amount</b>	<b>23.02</b>	<b>0.93</b>	<b>28.66</b>	<b>52.61</b>
<b>Year ended 31 March 2017</b>				
Gross carrying amount				
Opening gross carrying amount	33.90	1.42	37.51	72.83
Additions	23.10	-	-	23.10
<b>Closing gross carrying amount</b>	<b>57.00</b>	<b>1.42</b>	<b>37.51</b>	<b>95.93</b>
Accumulated amortisation				
Opening accumulated amortisation	10.88	0.49	8.85	20.22
Amortisation charge for the year	14.11	0.37	8.37	22.85
<b>Closing accumulated amortisation</b>	<b>24.99</b>	<b>0.86</b>	<b>17.22</b>	<b>43.07</b>
<b>Closing net carrying amount</b>	<b>32.01</b>	<b>0.56</b>	<b>20.29</b>	<b>52.86</b>

(i) All intangible assets disclosed above represents acquired intangible assets.

### 5. INVESTMENTS

#### (a) Investments in subsidiary and joint venture

	31-Mar-17	31-Mar-16	(₹ in Million) 1-Apr-15
<b>At Cost</b>			
<b>Unquoted Investments (fully paid-up)</b>			
<b>Investments in Equity Instruments</b>			
- <b>of Subsidiary</b>			
200,000 (31 March 2016: 200,000; 1 April 2015: 50,000) Ordinary shares of GBP 1/- each of Triveni Turbines Europe Private Ltd	18.47	18.47	4.67
- <b>of Joint venture</b>			
8,000,001 (31 March 2016: 8,000,001; 1 April 2015: 8,000,001) Equity shares of ₹10/- each of GE Triveni Limited (refer note 2 (a) (i) and note 17 (ii))	80.00	80.00	80.00
<b>Total investments in subsidiary and joint venture</b>	<b>98.47</b>	<b>98.47</b>	<b>84.67</b>
<b>Total investments in subsidiary and joint venture</b>	<b>98.47</b>	<b>98.47</b>	<b>84.67</b>
Aggregate amount of quoted investments and market value thereof	-	-	-
Aggregate amount of unquoted investments	98.47	98.47	84.67
Aggregate amount of impairment in the value of investments	-	-	-

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

## (b) Current investments

	31-Mar-17	31-Mar-16	1-Apr-15
(₹ in Million)			
<b>At Fair value through P&amp;L</b>			
<b>Unquoted investments</b>			
<b>Investments in Mutual Funds</b>			
153,527.643 (31 March 2016: 206,988.340; 1 April 2015: 134,076.954) Mutual Funds Units of Birla Sun Life Cash Plus Growth - Direct Plan	40.12	50.36	30.11
Nil (31 March 2016: 486,226.421; 1 April 2015: 787,711.698) Mutual Funds Units of JM High Liquidity Fund - Direct Growth Option	-	20.15	30.12
Nil (31 March 2016: 14,145.847; 1 April 2015: Nil) Mutual Funds Units of Principle Cash Management Fund - Direct Plan	-	20.86	-
Nil (31 March 2016: 6,736.282; 1 April 2015: Nil) Mutual Funds Units of HDFC Liquid Fund - Direct Plan Growth Option	-	20.14	-
<b>Total current investments</b>	<b>40.12</b>	<b>111.51</b>	<b>60.23</b>
<b>Total current investments</b>	<b>40.12</b>	<b>111.51</b>	<b>60.23</b>
Aggregate amount of quoted investments and market value thereof	-	-	-
Aggregate amount of unquoted investments	40.12	111.51	60.23
Aggregate amount of impairment in the value of investments	-	-	-

## 6. TRADE RECEIVABLES

	31-Mar-17		31-Mar-16		1-Apr-15	
	Current	Non-current	Current	Non-current	Current	Non-current
(₹ in Million)						
Trade receivables (at amortised cost)						
- Unsecured, considered good	1,489.38	12.55	1,322.71	11.57	1,682.60	10.67
- Doubtful	37.94	-	35.88	-	47.50	-
Less: Allowance for bad and doubtful debts	(37.94)	-	(35.88)	-	(47.50)	-
<b>Total trade receivables</b>	<b>1,489.38</b>	<b>12.55</b>	<b>1,322.71</b>	<b>11.57</b>	<b>1,682.60</b>	<b>10.67</b>

(i) Refer note 38 for disclosures related to credit risk, impairment of trade receivables under expected credit loss model and related disclosures.

(ii) Reconciliation of loss allowance provision on trade receivables:

	31-Mar-17	31-Mar-16
(₹ in Million)		
Balance at beginning of the year	35.88	47.50
Additional provisions recognised	15.76	0.75
Amounts used during the year	(3.65)	(4.02)
Unused amounts reversed during the year	(10.05)	(8.35)
Balance at the end of the year	37.94	35.88

(iii) Current trade receivables include ₹ 39.28 Million (31 March 2016: ₹ 200.65 Million; 1 April 2015: ₹ 169.30 Million) expected to be received after twelve months within the operating cycle.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

### 7. LOANS

	(₹ in Million)					
	31-Mar-17		31-Mar-16		1-Apr-15	
	Current	Non-current	Current	Non-current	Current	Non-current
Loan to employees (at amortised cost)						
- Unsecured, considered good	2.41	0.35	2.06	0.18	2.45	0.30
<b>Total loans</b>	<b>2.41</b>	<b>0.35</b>	<b>2.06</b>	<b>0.18</b>	<b>2.45</b>	<b>0.30</b>

### 8. OTHER FINANCIAL ASSETS

	(₹ in Million)					
	31-Mar-17		31-Mar-16		1-Apr-15	
	Current	Non-current	Current	Non-current	Current	Non-current
<b>At amortised cost</b>						
Security deposits	0.74	5.17	0.82	3.28	1.02	2.59
Earnest money deposits	2.38	-	2.25	-	1.89	-
Fixed/margin deposits with bank (original maturity more than one year)	-	-	-	-	-	0.10
Interest accrued on bank deposits	-	-	-	-	-	0.03
Amount recoverable from banks (related to hedging transactions)	0.68	-	14.12	-	0.12	-
Others	-	0.23	0.89	0.23	-	0.23
<b>Total other financial assets at amortised cost [A]</b>	<b>3.80</b>	<b>5.40</b>	<b>18.08</b>	<b>3.51</b>	<b>3.03</b>	<b>2.95</b>
<b>At fair value through P&amp;L</b>						
Derivatives financial instruments carried at fair value						
- Foreign-exchange forward contracts	48.93	-	49.62	-	54.96	-
<b>Total other financial assets at fair value through P&amp;L [B]</b>	<b>48.93</b>	<b>-</b>	<b>49.62</b>	<b>-</b>	<b>54.96</b>	<b>-</b>
<b>Total other financial assets ([A]+[B])</b>	<b>52.73</b>	<b>5.40</b>	<b>67.70</b>	<b>3.51</b>	<b>57.99</b>	<b>2.95</b>

### 9. OTHER ASSETS

	(₹ in Million)					
	31-Mar-17		31-Mar-16		1-Apr-15	
	Current	Non-current	Current	Non-current	Current	Non-current
Capital advances	-	50.48	-	54.61	-	1.78
Advances to suppliers	95.21	-	91.09	0.50	120.17	-
Indirect tax and duties recoverable	197.11	138.82	200.08	93.31	155.67	87.54
Prepaid expenses	15.35	1.32	16.78	1.73	18.67	1.73
Due from customers (Turbine extended scope turnkey project revenue adjustment)	26.44	-	85.61	-	93.80	-
Export incentives receivable	58.15	-	86.67	-	37.77	-
Others	0.01	-	0.01	-	0.01	-
<b>Total other assets</b>	<b>392.27</b>	<b>190.62</b>	<b>480.24</b>	<b>150.15</b>	<b>426.09</b>	<b>91.05</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

(i) Contract assets

	31-Mar-17	31-Mar-16	(₹ in Million) 1-Apr-15
<b>Contracts in Progress at the end of reporting period</b>			
Construction costs incurred plus profits recognised less losses recognised	1,939.71	1,697.21	1,535.65
Less: Progress Billings	(1,992.43)	(1,709.19)	(1,441.85)
	<b>(52.72)</b>	<b>(11.98)</b>	<b>93.80</b>
<b>Recognised and included in financial statements as amounts due</b>			
(i) Amounts due from customers under construction contracts	26.44	85.61	93.80
(ii) Amounts due to customers under construction contracts	(79.16)	(97.59)	-
	<b>(52.72)</b>	<b>(11.98)</b>	<b>93.80</b>
Retentions held by customers	177.30	200.65	169.30
Advances received from customers	3.47	12.23	21.66

### 10. INVENTORIES

	31-Mar-17	31-Mar-16	(₹ in Million) 1-Apr-15
Raw materials & components (includes stock in transit ₹ 15.50 Million (31 March 2016: ₹ 17.44 Million; 1 April 2015: ₹ 3.11 Million))	646.06	685.63	554.89
Less: Allowance for non moving inventories	(5.08)	-	-
Work-in-progress	752.38	719.49	462.65
Less: Allowance for non moving inventories	(14.49)	-	-
Finished goods (includes stock in transit ₹ 16.61 Million (31 March 2016: ₹ 12.14 Million; 1 April 2015: ₹ Nil))	79.74	160.92	155.01
Stores and spares	-	1.42	0.25
Others - Scrap & low value patterns	0.05	0.03	0.03
<b>Total inventories</b>	<b>1,458.66</b>	<b>1,567.49</b>	<b>1,172.83</b>

- (i) The cost of inventories recognised as an expense during the year was ₹ 4,624.54 Million (31 March 2016: ₹ 4,657.14 Million)
- (ii) The mode of valuation of inventories has been stated in note 1 (k).
- (iii) In view of the order-to-dispatch cycle being normally around twelve months, most of the inventories held are expected to be utilized during the next twelve months. However, there may be some exceptions on account of unanticipated cases where the dispatch is held up due to reasons attributable to the customers, slow movement in spares and advance manufacture in anticipation of orders, but these are not expected to be of material amounts.

### 11. CASH AND BANK BALANCES

(a) Cash and cash equivalents

	31-Mar-17	31-Mar-16	(₹ in Million) 1-Apr-15
<b>At amortised cost</b>			
Balances with banks			
- in current accounts	87.14	251.25	39.10
Cheques / drafts on hand	-	15.18	0.00
Cash on hand	0.19	1.66	0.40
<b>Total cash and cash equivalents</b>	<b>87.33</b>	<b>268.09</b>	<b>39.50</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

### (b) Bank balances other than cash and cash equivalents

	31-Mar-17	31-Mar-16	1-Apr-15
<b>At amortised cost</b>			
Earmarked balances with banks			
- unpaid dividend account	1.08	0.99	0.79
<b>Total bank balances other than cash and cash equivalents</b>	<b>1.08</b>	<b>0.99</b>	<b>0.79</b>

(₹ in Million)

### 12. ASSETS CLASSIFIED AS HELD FOR SALE

	31-Mar-17	31-Mar-16	1-Apr-15
Plant & equipment	6.05	-	-
<b>Total assets classified as held for sale</b>	<b>6.05</b>	<b>-</b>	<b>-</b>

(₹ in Million)

The Company intends to dispose off certain obsolete machines, the total book value of these machines as at 31 March 2017 was ₹ 6.05 Million. No impairment loss is recognised on re-classification of these machines to "Assets held of sale" as the fair value less cost of sale is higher than the carrying amount, as determined from quotations received from potential buyers.

### 13. SHARE CAPITAL

	31-Mar-17		31-Mar-16		1-Apr-15	
	Number of shares	Amount (₹ in Million)	Number of shares	Amount (₹ in Million)	Number of shares	Amount (₹ in Million)
<b>AUTHORISED</b>						
Equity shares of ₹ 1 each	450,000,000	450.00	450,000,000	450.00	450,000,000	450.00
8% Cumulative Redeemable Preference Shares of ₹ 10 each	5,000,000	50.00	5,000,000	50.00	5,000,000	50.00
		<b>500.00</b>		<b>500.00</b>		<b>500.00</b>
<b>ISSUED, SUBSCRIBED AND FULLY PAID UP</b>						
Equity shares of ₹ 1 each	<b>329,972,150</b>	<b>329.97</b>	<b>329,972,150</b>	<b>329.97</b>	<b>329,972,150</b>	<b>329.97</b>

#### (i) Movements in equity share capital

	Number of shares	Amount (₹ in Million)
As at 1 April 2015	329,972,150	329.97
Movement during the year	-	-
<b>As at 31 March 2016</b>	<b>329,972,150</b>	<b>329.97</b>
Movement during the year	-	-
<b>As at 31 March 2017</b>	<b>329,972,150</b>	<b>329.97</b>

#### Terms and rights attached to equity shares

The Company has only one class of equity shares with a par value of ₹ 1/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares are entitled to receive the remaining assets of the Company, after meeting all liabilities and distribution of all preferential amounts, in proportion to their shareholding.



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

### (ii) Details of shareholders holding more than 5% shares in the company

	31-Mar-17		31-Mar-16		1-Apr-15	
	Number of shares	% holding	Number of shares	% holding	Number of shares	% holding
Triveni Engineering & Industries Limited	72,000,000	21.82	72,000,000	21.82	72,000,000	21.82
Dhruv M. Sawhney	24,924,645	7.55	24,924,645	7.55	24,924,645	7.55
Nalanda India Fund Limited	25,788,000	7.82	25,788,000	7.82	25,788,000	7.82
Subhadra Trade & Finance Limited	873,320,417	26.47	16,307,375	4.94	16,307,375	4.94
Umananda Trade & Finance Limited	-	-	20,580,339	6.24	20,157,589	6.11
Tarnik Investments & Trading Limited	-	-	18,680,527	5.66	18,680,527	5.66

### 14. OTHER EQUITY

	31-Mar-17	31-Mar-16	1-Apr-15
Capital redemption reserve	28.00	28.00	28.00
Securities premium	4.69	4.69	4.69
General reserve	839.23	839.23	839.23
Retained earnings	2,755.13	1,785.03	1,367.95
<b>Total other equity</b>	<b>3,627.05</b>	<b>2,656.95</b>	<b>2,239.87</b>

#### (i) Capital redemption reserve

	31-Mar-17	31-Mar-16
Opening balance	28.00	28.00
Movement during the year	-	-
<b>Closing balance</b>	<b>28.00</b>	<b>28.00</b>

Capital Redemption Reserve was created consequent to redemption of preference share capital, as required under the provisions of the Companies Act, 1956. This reserve shall be utilised in accordance with the provisions of Companies Act, 2013.

#### (ii) Securities premium

	31-Mar-17	31-Mar-16
Opening balance	4.69	4.69
Movement during the year	-	-
<b>Closing balance</b>	<b>4.69</b>	<b>4.69</b>

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

### (iii) General reserve

	31-Mar-17	31-Mar-16
Opening balance	839.23	839.23
Movement during the year	-	-
<b>Closing balance</b>	<b>839.23</b>	<b>839.23</b>

(₹ in Million)

It represents amount kept separately by the Company out of its profits for future purposes. It is not earmarked for any special purpose.

### (iv) Retained earnings

	31-Mar-17	31-Mar-16
Opening balance	1,785.03	1,367.95
Net profit for the year	1,161.86	1,089.69
Other comprehensive income arising from the remeasurement of defined benefit obligation net of income tax	(13.04)	2.54
Dividends paid	(148.49)	(560.95)
Dividend distribution tax	(30.23)	(114.20)
<b>Closing balance</b>	<b>2,755.13</b>	<b>1,785.03</b>

(₹ in Million)

- (a) It represents undistributed profits of the Company which can be distributed by the Company to its equity shareholders in accordance with the requirements of the Companies Act, 2013.
- (b) As required under Ind AS compliant Schedule III, the Company has recognised remeasurement of defined benefit plans (net of tax) as part of retained earnings.
- (c) Details of dividend distributions made and proposed:

	31-Mar-17	31-Mar-16
<b>Cash dividends on equity shares declared and paid:</b>		
Final dividend for the year ended 31 March 2016: ₹ Nil [31 March 2015: 75% (₹ 0.75 per equity share of ₹ 1/- each)]	-	197.98
Dividend distribution tax on final dividend	-	40.31
First interim dividend for the year ended 31 March 2017: 45% (₹ 0.45 per equity share of ₹ 1/- each) [31 March 2016: 40% (₹ 0.40 per equity share of ₹ 1/- each)]	148.49	131.99
Dividend distribution tax on first interim dividend	30.23	26.87
Second interim dividend for the year ended 31 March 2017: ₹ Nil [31 March 2016: 70% (₹ 0.70 per equity share of ₹ 1/- each)]	-	230.98
Dividend distribution tax on second interim dividend	-	47.02
<b>Total cash dividends on equity shares declared and paid</b>	<b>178.72</b>	<b>675.15</b>
<b>Proposed dividend on equity shares:</b>		
Final proposed dividend for the year ended 31 March 2017: 75% (₹ 0.75 per equity share of ₹ 1/- each) [31 March 2016: ₹ Nil]	247.48	-
Dividend distribution tax on final proposed dividend	50.38	-
<b>Total proposed dividend on equity shares</b>	<b>297.86</b>	<b>-</b>

(₹ in Million)

Proposed dividend on equity shares is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed equity dividend is payable to all holders of fully paid equity shares.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

## 15. NON-CURRENT BORROWINGS

(₹ in Million)

	31-Mar-17		31-Mar-16		1-Apr-15	
	Current maturities	Non-current	Current maturities	Non-current	Current maturities	Non-current
<b>Secured- at amortised cost</b>						
Term loans						
- from banks	-	-	-	-	0.20	-
- from other parties	1.78	2.38	3.39	4.16	3.13	5.09
	<b>1.78</b>	<b>2.38</b>	<b>3.39</b>	<b>4.16</b>	<b>3.33</b>	<b>5.09</b>
Less: Amount disclosed under the head "Other financial liabilities-current" (refer note 19)	(1.78)	-	(3.39)	-	(3.33)	-
<b>Total non-current borrowings</b>	<b>-</b>	<b>2.38</b>	<b>-</b>	<b>4.16</b>	<b>-</b>	<b>5.09</b>

### Details of long term borrowings of the Company

(₹ in Million)

	Amount outstanding as at			Effective interest rate	Coupon rate	Number of instalments			Terms of Repayment	Nature of Security
	31-Mar-17	31-Mar-16	1-Apr-15			31-Mar-17	31-Mar-16	1-Apr-15		
<b>Secured- at amortised cost</b>										
<b>Term loans from banks (₹ loan)</b>										
Axis Bank (Vehicle loan)	-	-	0.20	Ranging from 9.90% to 10% p.a.	At fixed rates ranging from 9.90% to 10% p.a.	Nil	Nil	8	Equated monthly installments	Secured by hypothecation of vehicles acquired under the respective vehicle loans.
<b>Term loans from other parties (₹ loan)</b>										
Kotak Mahindra Prime Ltd. (Vehicle loan)	4.16	7.55	8.22	Ranging from 9.98% to 11.96% p.a.	At fixed rates ranging from 9.98% to 11.96% p.a.	3 to 40 months	3 to 52 months	15 to 56 months	Equated monthly installments	Secured by hypothecation of vehicles acquired under the respective vehicle loans.
<b>Total non-current borrowings</b>	<b>4.16</b>	<b>7.55</b>	<b>8.42</b>							

## 16. PROVISIONS

(₹ in Million)

	31-Mar-17		31-Mar-16		1-Apr-15	
	Current	Non-current	Current	Non-current	Current	Non-current
<b>Provision for employee benefits</b>						
Gratuity (refer note 35)	-	27.92	-	4.58	-	8.72
Compensated absences	5.06	24.20	6.82	18.16	4.32	18.36
Employee retention bonus	7.71	5.65	-	-	-	-
<b>Other Provisions</b>						
Warranty	42.51	16.36	20.74	21.59	14.48	17.26
Cost to completion	-	-	20.66	-	62.43	-
Liquidated damages	14.70	-	29.36	-	38.66	-
Provision for corporate social responsibility	0.14	-	-	-	4.80	-
<b>Total provisions</b>	<b>70.12</b>	<b>74.13</b>	<b>77.58</b>	<b>44.33</b>	<b>124.69</b>	<b>44.34</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

## (i) Information about individual provisions and significant estimates

### (a) Compensated absences

Compensated absences comprises earned leaves and sick leaves, the liabilities of which are not expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. They are therefore measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period.

### (b) Employee retention bonus

The Company, as a part of retention policy, pays retention bonus to certain employees after completion of specified period of service. The timing of the outflows is expected to be within a period of five years. They are therefore measured at the present value of expected future payments at the end of each annual reporting period in accordance with management best estimates.

### (c) Warranty

The Company, in the usual course of sale of its products, provides warranties on certain products and services, undertaking to repair or replace the items that fail to perform satisfactorily during the specified warranty period. Provisions made represent the amount of expected cost of meeting such obligations of rectifications / replacements based on best estimate considering the historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts. The timing of the outflows is expected to be within the period of two years.

### (d) Cost to completion

The provision represents cost of material and services required to be incurred at project site in respect of goods supplied for which full revenue has been recognised.

### (e) Liquidated damages

Represents the provision on account of contractual obligation towards customers in respect of certain products for matters relating to delivery and performance. The provision represents the amount estimated to meet the cost of such obligations based on best estimate considering the historical liquidated damages claim information and any recent trends that may suggest future claims could differ from historical amounts. The timing of the outflows is expected to be within one year.

### (f) Corporate social responsibility

Represents provision made for amounts payable under an agreement for CSR activities of the Company. The timing of outflow is expected to be within one year.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

### (ii) Movement in other provisions

Movement in each class of other provisions during the financial year, are set out below:

	(₹ in Million)			
	Warranty	Cost of completion	Liquidated damages	Corporate social responsibility
Balance as at 1 April 2015	31.74	62.43	38.66	4.80
Additional provisions recognised	35.71	-	29.11	-
Amounts used during the year	(14.54)	(37.39)	(0.09)	(4.80)
Unused amounts reversed during the year	(10.58)	(4.38)	(38.32)	-
<b>Balance as at 31 March 2016</b>	<b>42.33</b>	<b>20.66</b>	<b>29.36</b>	<b>-</b>
Additional provisions recognised	48.77	-	7.08	0.14
Amounts used during the year	(10.35)	(1.61)	(6.96)	-
Unused amounts reversed during the year	(21.88)	(19.05)	(14.78)	-
<b>Balance as at 31 March 2017</b>	<b>58.87</b>	<b>-</b>	<b>14.70</b>	<b>0.14</b>

### 17. CURRENT BORROWINGS

	31-Mar-17	31-Mar-16	1-Apr-15
<b>Secured- at amortised cost</b>			
Repayable on demand			
- Cash credits from banks	-	-	6.60
<b>Total current borrowings</b>	<b>-</b>	<b>-</b>	<b>6.60</b>

- (i) Cash credit from banks is secured by hypothecation of entire current assets inclusive of stock-in-trade, raw materials, stores & spares, work-in-progress and trade receivables and a second charge created / to be created on fixed assets block both present and future on a pari-passu basis. Interest rates ranges from 9.55% to 11.35% per annum.
- (ii) In respect of working capital facilities sanctioned by a bank to the joint venture company, M/s GE Triveni Ltd (GETL), the Company has given an undertaking not to dispose of its investments in the equity shares of GETL aggregating to ₹ 80.00 Million (31 March 2016: ₹ 80.00 Million; 1 April 2015: ₹ 80.00 Million) during the tenure of the facilities.

### 18. TRADE PAYABLES

	31-Mar-17	31-Mar-16	1-Apr-15
Trade payables (at amortised cost)			
- Total outstanding dues of micro enterprises and small enterprises (refer note 43)	90.49	68.65	90.47
- Total outstanding dues of creditors other than micro enterprises and small enterprises	831.15	812.68	1,037.12
<b>Total trade payables</b>	<b>921.64</b>	<b>881.33</b>	<b>1,127.59</b>



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

### 19. OTHER FINANCIAL LIABILITIES

	31-Mar-17	31-Mar-16	1-Apr-15
	(₹ in Million)		
<b>At amortised cost</b>			
Current maturities of long-term borrowings (refer note 15)	1.78	3.39	3.33
Interest accrued	0.04	0.06	0.07
Capital creditors	113.37	17.68	4.08
Employee benefits & other dues payable	18.62	47.57	16.67
Security deposits	-	0.02	0.02
Unpaid dividends (see (i) below)	1.07	0.98	0.79
Others	0.10	-	-
<b>Total other financial liabilities</b>	<b>134.98</b>	<b>69.70</b>	<b>24.96</b>

(i) There are no amounts as at the end of the year which are due and outstanding to be credited to the Investors Education and Protection Fund.

### 20. OTHER CURRENT LIABILITIES

	31-Mar-17	31-Mar-16	1-Apr-15
	(₹ in Million)		
Advance from customers	809.60	1,378.69	1,009.03
Deferred income	11.08	7.27	-
Amount due to customers (Turbine extended scope turnkey project revenue adjustment) (refer note 9)	79.16	97.59	-
Statutory remittances	35.60	43.50	40.99
Others	-	0.29	0.27
<b>Total other current liabilities</b>	<b>935.44</b>	<b>1,527.34</b>	<b>1,050.29</b>

### 21. INCOME TAX BALANCES

	31-Mar-17		31-Mar-16		1-Apr-15	
	(₹ in Million)					
	Current	Non-current	Current	Non-current	Current	Non-current
<b>Income tax assets</b>						
Tax refund receivable (net)	-	12.68	-	12.68	-	12.68
	-	<b>12.68</b>	-	<b>12.68</b>	-	<b>12.68</b>
<b>Income tax liabilities</b>						
Provision for income tax (net)	67.27	-	54.87	-	24.83	-
	<b>67.27</b>	-	<b>54.87</b>	-	<b>24.83</b>	-

### 22. DEFERRED TAX BALANCES

	31-Mar-17	31-Mar-16	1-Apr-15
	(₹ in Million)		
Deferred tax assets	51.66	39.50	50.23
Deferred tax liabilities	(160.47)	(135.72)	(128.55)
<b>Net deferred tax assets/(liabilities)</b>	<b>(108.81)</b>	<b>(96.22)</b>	<b>(78.32)</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

### (i) Movement in deferred tax balances

For the year ended 31 March 2017

	(₹ in Million)			
	Opening balance	Recognised in profit or loss	Recognised in OCI	Closing balance
<b>Tax effect of items constituting deferred tax assets/ (liabilities)</b>				
Liabilities and provisions tax deductible only upon payment/actual crystallisation				
- Employee benefits	9.99	2.44	6.90	19.33
- Statutory taxes and duties	5.83	(5.31)	-	0.52
- Other contractual provisions	11.26	0.65	-	11.91
Impairment provisions on financial/other assets made in books, but tax deductible only on actual write-off	12.42	7.48	-	19.90
Fair valuation of financial assets	(15.48)	(7.38)	-	(22.86)
Difference in carrying values of property, plant & equipment and intangible assets	(120.23)	(17.37)	-	(137.60)
Other temporary differences	(0.01)	-	-	(0.01)
<b>Net deferred tax assets/(liabilities)</b>	<b>(96.22)</b>	<b>(19.49)</b>	<b>6.90</b>	<b>(108.81)</b>

For the year ended 31 March 2016

	(₹ in Million)			
	Opening balance	Recognised in profit or loss	Recognised in OCI	Closing balance
<b>Tax effect of items constituting deferred tax assets/ (liabilities)</b>				
Liabilities and provisions tax deductible only upon payment/actual crystallisation				
- Employee benefits	11.69	(0.35)	(1.35)	9.99
- Statutory taxes and duties	-	5.83	-	5.83
- Other contractual provisions	10.80	0.46	-	11.26
Impairment provisions on financial/other assets made in books, but tax deductible only on actual write-off	16.44	(4.02)	-	12.42
Fair valuation of financial assets	9.52	(25.00)	-	(15.48)
Difference in carrying values of property, plant & equipment and intangible assets	(128.55)	8.32	-	(120.23)
Other temporary differences	1.78	(1.79)	-	(0.01)
<b>Net deferred tax assets/(liabilities)</b>	<b>(78.32)</b>	<b>(16.55)</b>	<b>(1.35)</b>	<b>(96.22)</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

### 23. REVENUE FROM OPERATIONS

	31-Mar-17	31-Mar-16
	(₹ in Million)	
<b>Sale of products (including excise duty)</b>		
Finished goods		
- Turbines (including related equipment and supplies)	4,924.38	5,122.68
- Spares	1,660.53	1,375.46
<b>Sale of Services</b>		
Servicing, operation and maintenance	531.42	546.65
Erection and commissioning	92.88	56.49
<b>Turbine extended scope turnkey project</b>	242.50	161.56
<b>Other operating revenue</b>		
Sale of scrap	3.07	4.53
Selling commission	-	0.01
Royalty	-	4.03
Export incentives	82.46	79.61
<b>Total revenue from operations</b>	<b>7,537.24</b>	<b>7,351.02</b>

### 24. OTHER INCOME

	31-Mar-17	31-Mar-16
	(₹ in Million)	
<b>Interest income</b>		
Interest income from bank deposits	-	0.01
Interest income from customers	0.39	1.03
Interest income from financial assets at amortised cost	0.98	0.89
	<b>1.37</b>	<b>1.93</b>
<b>Other non-operating income (net of expenses directly attributable to such income)</b>		
Rental income	7.14	6.83
Miscellaneous income	4.35	4.08
	<b>11.49</b>	<b>10.91</b>
<b>Other gains/ (losses)</b>		
Net profit on sale/redemption of current investments	22.51	18.18
Net fair value gains/(losses) on current investments	(0.68)	0.57
Net gains/(losses) on derivatives (including fair value changes)	184.89	117.91
Net foreign exchange rate fluctuation gains/(losses)	17.28	47.58
Credit balances written back	22.06	4.28
Excess provision for cost to completion reversed (net) (refer note 16)	19.05	4.38
Excess provision for liquidated damages reversed (net) (refer note 16)	7.70	9.21
	<b>272.81</b>	<b>202.11</b>
<b>Total other income</b>	<b>285.67</b>	<b>214.95</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

### 25. COST OF MATERIALS CONSUMED

	31-Mar-17	31-Mar-16
	(₹ in Million)	
Stock at the beginning of the year	685.63	554.89
Add: Purchases	3,825.59	4,379.33
Less: Stock at the end of the year	(646.06)	(685.63)
<b>Total cost of materials consumed</b>	<b>3,865.16</b>	<b>4,248.59</b>

### 26. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

	31-Mar-17	31-Mar-16
	(₹ in Million)	
<b>Inventories at the beginning of the year:</b>		
Work-in progress	719.49	462.65
Finished goods	160.92	155.01
<b>Total inventories at the beginning of the year</b>	<b>880.41</b>	<b>617.66</b>
<b>Inventories at the end of the year:</b>		
Work-in progress	752.38	719.49
Finished goods	79.74	160.92
<b>Total inventories at the end of the year</b>	<b>832.12</b>	<b>880.41</b>
Add/(Less): Impact of excise duty on finished goods	(15.26)	8.50
<b>Total changes in inventories of finished goods and work-in-progress</b>	<b>33.03</b>	<b>(254.25)</b>

### 27. EMPLOYEE BENEFIT EXPENSE

	31-Mar-17	31-Mar-16
	(₹ in Million)	
Salaries and wages	676.81	575.40
Contribution to provident and other funds (refer note 35)	48.20	41.68
Staff welfare expenses	27.02	26.37
	<b>752.03</b>	<b>643.45</b>
Less : Amount capitalised	<b>(9.55)</b>	<b>(7.61)</b>
<b>Total employee benefit expense</b>	<b>742.48</b>	<b>635.84</b>

### 28. FINANCE COSTS

	31-Mar-17	31-Mar-16
	(₹ in Million)	
Interest costs		
- Interest on borrowings	0.61	0.93
- Other interest expense	1.14	2.07
Other borrowing costs		
- Processing/Renewal fees	1.57	0.43
<b>Total finance costs</b>	<b>3.32</b>	<b>3.43</b>

### 29. DEPRECIATION AND AMORTISATION EXPENSE

	31-Mar-17	31-Mar-16
	(₹ in Million)	
Depreciation of property, plant and equipment (refer note 3)	125.35	132.75
Less : Amount capitalised	(0.24)	(0.30)
	<b>125.11</b>	<b>132.45</b>
Amortisation of intangible assets (refer note 4)	22.85	20.22
<b>Total depreciation and amortisation expense</b>	<b>147.96</b>	<b>152.67</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

### 30. IMPAIRMENT LOSS ON FINANCIAL ASSETS (INCLUDING REVERSALS OF IMPAIRMENT LOSSES)

	31-Mar-17	(₹ in Million) 31-Mar-16
Bad debts written off - trade receivables and other financial assets carried at amortised cost	4.47	4.59
Impairment loss allowance on trade receivables (net of reversals) (refer note 6)	2.06	(11.62)
<b>Total impairment loss on financial assets (including reversals of impairment losses)</b>	<b>6.53</b>	<b>(7.03)</b>

### 31. OTHER EXPENSES

	31-Mar-17	(₹ in Million) 31-Mar-16
Stores, spares and tools consumed	107.31	164.10
Power and fuel	22.25	23.62
Design and engineering charges	4.40	6.27
Repairs and maintenance		
- Machinery	23.60	6.15
- Building	4.16	6.96
- Others	14.30	12.33
Travelling and conveyance	154.54	117.20
Rent and hire charges	6.78	6.20
Rates and taxes	7.34	4.55
Insurance	6.60	5.26
Directors' fee	2.38	3.11
Directors' commission	6.40	6.40
Certification & consultation	60.09	37.41
Group shared service cost	43.93	39.05
Bank charges and guarantee commission	13.65	18.11
Amount written off of non financial assets	3.51	1.97
Warranty expenses [includes provision for warranty (net) ₹ 26.89 Million (31 March 2016: ₹ 25.13 Million) (refer note 16)]	35.15	33.12
Payment to Auditors (see (i) below)	3.17	2.17
Corporate Social Responsibility expenses (see (ii) below)	25.96	26.43
Obsolete inventory written off	-	6.55
Allowance for non moving inventories	19.57	-
Loss on sale / write off / impairment of property, plant and equipment	2.30	0.65
Packing and forwarding expenses	24.32	45.91
Freight outward	145.78	93.71
Selling commission	70.50	46.74
Marketing support expenses and incentives	118.69	65.73
Miscellaneous expenses	125.63	114.94
Less : Amount capitalised	(3.63)	(3.24)
<b>Total other expenses</b>	<b>1,048.68</b>	<b>891.40</b>



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

### (i) Detail of payment to auditors

	(₹ in Million)					
	Statutory Auditors*		Branch Auditors		Cost Auditors	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
Audit fee	0.91	0.85	-	-	0.08	0.08
Tax audit fee	0.33	0.31	-	-	-	-
Limited review fee	0.51	0.36	-	-	-	-
Certification charges	0.60	0.12	-	-	-	-
Reimbursement of expenses	0.52	0.22	-	0.12	-	-
<b>Total payment to auditors</b>	<b>2.87</b>	<b>1.86</b>	<b>-</b>	<b>0.12</b>	<b>0.08</b>	<b>0.08</b>

\*Excluding service tax of ₹ 0.22 Million (31 March 2016: ₹ 0.11 Million) charged to statement of profit and loss.

### (ii) Details of CSR expenses

	(₹ in Million)	
	31-Mar-17	31-Mar-16
<b>a) Gross amount required to be spent during the year<sup>#</sup></b>	25.95	26.42
<b>b) Amount spent during the year</b>	<b>25.96</b>	<b>26.43</b>
In cash		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	25.82	26.43
Yet to be paid in cash		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	0.14	-

<sup>#</sup>Amounts computed is based upon profits as per previous GAAP.

## 32. INCOME TAX EXPENSE

### (i) Income tax recognised in profit & loss

	(₹ in Million)	
	31-Mar-17	31-Mar-16
<b>Current tax</b>		
In respect of the current year	584.14	517.14
In respect of the prior years	0.62	5.99
<b>Total current tax expense</b>	<b>584.76</b>	<b>523.13</b>
<b>Deferred tax</b>		
In respect of current year origination and reversal of temporary differences	16.78	22.77
In respect of prior years	2.72	(6.22)
<b>Total deferred tax expense</b>	<b>19.50</b>	<b>16.55</b>
<b>Total income tax expense recognised in profit &amp; loss</b>	<b>604.26</b>	<b>539.68</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

### Reconciliation of income tax expense and the accounting profit multiplied by Company's tax rate:

	31-Mar-17	(₹ in Million) 31-Mar-16
Profit before tax from continuing operations	1,766.12	1,629.37
Income tax expense calculated @ 34.608%	611.22	563.89
Effect of expenses that are non-deductible in determining taxable profit	15.65	10.87
Effect of tax incentives and concessions (research and development and other allowances)	(25.95)	(34.85)
	<b>600.92</b>	<b>539.91</b>
Adjustments recognised in the current year in relation to the current tax of prior years	0.62	5.99
Adjustments recognised in the current year in relation to the deferred tax of prior years	2.72	(6.22)
<b>Total income tax expense</b>	<b>604.26</b>	<b>539.68</b>

### (ii) Income tax recognised in other comprehensive income

	31-Mar-17	(₹ in Million) 31-Mar-16
<b>Deferred tax related to items recognised in other comprehensive income during the year:</b>		
Remeasurement of defined benefit obligations	(6.90)	1.35
<b>Total income tax expense recognised in other comprehensive income</b>	<b>(6.90)</b>	<b>1.35</b>
<b>Bifurcation of the income tax recognised in other comprehensive income into:</b>		
Items that will not be reclassified to profit & loss	(6.90)	1.35
Items that may be reclassified to profit & loss	-	-
<b>Total income tax expense recognised in other comprehensive income</b>	<b>(6.90)</b>	<b>1.35</b>

### 33. EARNINGS PER SHARE

	31-Mar-17	(₹ in Million) 31-Mar-16
Profit for the year attributable to owners of the Company [A]	1,161.86	1,089.69
Weighted average number of equity shares for the purposes of basic EPS/ diluted EPS [B]	329,972,150	329,972,150
Basic earnings per share (face value of ₹ 1 per share) [A/B]	3.52	3.30
Diluted earnings per share (face value of ₹ 1 per share) [A/B]	3.52	3.30

### 34. SEGMENT INFORMATION

The Company primarily operates in one business segment- Power generating equipment and solutions.

The Company is domiciled in India and all its non-current assets are located in/relates to India except following:

- (i) Investment in foreign subsidiary of ₹ 18.47 Million as at 31 March 2017 (31 March 2016: ₹ 18.47 Million; 1 April 2015: ₹ 4.67 Million)
- (ii) Capital advances in foreign currency of ₹ 40.34 Million as at 31 March 2017 (31 March 2016: ₹ Nil; 1 April 2015: ₹ Nil)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

The amount of Company's revenue from external customers based on geographical area and nature of the products/ services are shown below:

### Revenue by geographical area

	31-Mar-17	31-Mar-16
India	3,742.79	4,805.78
Rest of the world	3,708.92	2,457.06
<b>Total</b>	<b>7,451.71</b>	<b>7,262.84</b>

(₹ in Million)

### Revenue by nature of products / services (refer note 23)

	31-Mar-17	31-Mar-16
<b>Sale of products (including excise duty)</b>		
Finished goods		
- Turbines (including related equipment and supplies)	4,924.38	5,122.68
- Spares	1,660.53	1,375.46
<b>Sale of Services</b>		
Servicing, operation and maintenance	531.42	546.65
Erection and commissioning	92.88	56.49
<b>Turbine extended scope turnkey project</b>	242.50	161.56
<b>Total</b>	<b>7,451.71</b>	<b>7,262.84</b>

(₹ in Million)

There is no single customer who has contributed 10% or more to the Company's revenue for both the years ended 31 March 2017 and 31 March 2016.

## 35. EMPLOYEE BENEFIT PLANS

### (i) Defined contribution plans

- (a) The Company operates defined contribution retirement benefit plans under which the Company pays fixed contributions to separate entities (funds) or financial institutions or state managed benefit schemes. The Company has no further payment obligations once the contributions have been paid. Following are the schemes covered under defined contributions plans of the Company:

**Provident Fund Plan & Employee Pension Scheme:** The Company makes monthly contributions at prescribed rates towards Employee Provident Fund/ Employee Pension Scheme to fund administered and managed by the Government of India.

**Employee State Insurance:** The Company makes prescribed monthly contributions towards Employees State Insurance Scheme.

**Superannuation Scheme:** The Company contributes towards a fund established to provide superannuation benefit to certain employees in terms of Group Superannuation Policies entered into by such fund with the Life Insurance Corporation of India.

- (b) The expense recognised during the period towards defined contribution plans are as follows:

	31-Mar-17	31-Mar-16
Company's contribution to provident fund	28.12	24.87
Administrative charges on above	2.02	1.74
Company's contribution to employee state insurance	0.61	0.59
Company's contribution to superannuation scheme	7.24	7.22

(₹ in Million)

Out of above expense towards defined contributions plans, ₹ 0.37 Million (31 March 2016: ₹ 0.32 Million) is capitalised.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

### (ii) Defined benefit plans

(a) The Company provides for gratuity obligations through a defined benefit retirement plan (the 'Gratuity Plan') covering all employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement termination of employment or death of an employee, based on the respective employees' salary and years of employment with the Company.

### (b) Risk exposure

These plans typically expose the Company to a number of actuarial risks, the most significant of which are detailed below:

**Investment risk:** The plan liabilities are calculated using a discount rate set with references to government bond yields as at end of reporting period; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit. The investments in plan assets are made in accordance with pattern of investment prescribed by central government and ensures that the funds are invested in a balanced mix of investments comprising central government securities, state government securities, other debt instruments as well as equity instruments. Most of the plan investments is in fixed income securities with high grades and in government securities. The Company has a risk management strategy which defines exposure limits and acceptable credit risk rating.

**Interest risk:** A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plan's debt instruments.

**Life expectancy:** The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during their employment. A change in the life expectancy of the plan participants will impact the plan's liability.

**Salary risk:** The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

**Attrition rate:** The present value of the defined benefit plan liability is impacted by the rate of employee turnover, disability and early retirement of plan participants. A change in the attrition rate of the plan participants will impact the plan's liability.

(c) The significant actuarial assumptions used for the purposes of the actuarial valuation of gratuity were as follows:

	Valuation as at		
	31-Mar-17	31-Mar-16	1-Apr-15
Discounting rate	7.33%	8.00%	8.00%
Future salary growth rate	8.00%	7.00%	7.50%
Life expectancy/ Mortality rate	*	*	*
	- Below 31 years - 7.00% - 31-44 years - 4.00%	- Below 31 years - 7.00% - 31-44 years - 5.00%	- Below 31 years - 8.50% - 31-44 years - 6.00%
Attrition rate	- Above 44 years - 5.00%	- Above 44 years - 4.00%	- Above 44 years - 3.00%
Method used	Projected unit credit method	Projected unit credit method	Projected unit credit method

\*Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics (i.e. IALM 2006-08 Ultimate). These assumptions translate into an average life expectancy in years at retirement age.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

- (d) Amounts recognised in statement of profit & loss in respect of defined benefit plan (Gratuity Plan) are as follows:

	31-Mar-17	31-Mar-16
Current service cost	10.12	7.20
Net interest expense	0.09	0.06
<b>Components of defined benefit costs recognised in profit or loss</b>	<b>10.21</b>	<b>7.26</b>
Remeasurement on the net defined benefit liability		
- Return on plan assets (excluding amount included in net interest expense)	(0.79)	(0.28)
- Actuarial (gain)/ loss arising form changes in financial assumptions	16.81	(4.34)
- Actuarial (gain) / loss arising form changes in demographic assumptions	0.02	(0.05)
- Actuarial (gain) / loss arising form experience adjustments	3.90	0.78
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>19.94</b>	<b>(3.89)</b>
<b>Total</b>	<b>30.15</b>	<b>3.37</b>

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the statement of profit & loss. The remeasurement of the net defined benefit liability is included in other comprehensive income.

- (e) Amounts included in the balance sheet arising from the entity's obligation in respect of its defined benefit plan (Gratuity Plan) is as follows:

	31-Mar-17	31-Mar-16	1-Apr-15
Present value of defined benefit obligation as at the end of the year	107.95	78.41	76.51
Fair value of plan assets	80.03	73.83	67.79
<b>Funded status</b>	<b>(27.92)</b>	<b>(4.58)</b>	<b>(8.72)</b>
<b>Net asset/(liability) arising from defined benefit obligation recognised in the balance sheet</b>	<b>(27.92)</b>	<b>(4.58)</b>	<b>(8.72)</b>

- (f) Movement in the present value of the defined benefit obligation (Gratuity Plan obligation) are as follows:

	31-Mar-17	31-Mar-16
Present value of defined benefit obligation at the beginning of the year	78.41	76.51
Expenses recognised in profit and loss account		
- Current Service Cost	10.12	7.20
- Interest Expense (Income)	5.50	5.82
Remeasurement gains / (losses) recognised in other comprehensive income		
- Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	0.02	(0.05)
ii. Financial Assumptions	16.81	(4.34)
iii. Experience Adjustments	3.90	0.78
Benefit payments	(6.81)	(7.51)
<b>Present value of defined benefit obligation at the end of the year</b>	<b>107.95</b>	<b>78.41</b>



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

(g) Movement in the fair value of plan assets are as follows:

	31-Mar-17	31-Mar-16
Fair value of plan assets at the beginning of the year	73.83	67.79
Expenses recognised in profit and loss account		
- Expected return on plan assets	5.41	5.76
Remeasurement gains / (losses) recognised in other comprehensive income		
- Actual Return on plan assets in excess of the expected return	0.79	0.28
Contributions by employer	6.81	7.51
Benefit payments	(6.81)	(7.51)
<b>Fair value of plan assets at the end of the year</b>	<b>80.03</b>	<b>73.83</b>

(₹ in Million)

The fair value of the plan assets at the end of the reporting period for each category, are as follows:

	31-Mar-17			31-Mar-16			1-Apr-15		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Cash and cash equivalents	-	0.53	0.53	-	0.49	0.49	-	0.46	0.46
Group Gratuity Plans with Insurance Companies	-	79.50	79.50	-	73.33	73.33	-	67.32	67.32
Other recoverables	-	-	-	-	0.01	0.01	-	0.01	0.01
<b>Total plan assets</b>	<b>-</b>	<b>80.03</b>	<b>80.03</b>	<b>-</b>	<b>73.83</b>	<b>73.83</b>	<b>-</b>	<b>67.79</b>	<b>67.79</b>

(₹ in Million)

The Plan assets comprise principally Group Gratuity Plans offered by the life insurance companies. Majority of the funds invested are under the traditional platform where the insurance companies declare a return at the end of each year based upon its performance. Certain investments are also made in funds (growth plans) managed by the life insurance companies under which the returns are based upon the accretion to the net asset value (NAV) of the particular fund, which are declared on a daily basis. The NAV based funds of the insurance companies are approved and regulated by the Insurance Regulatory and Development Authority of India and the investment risk is mitigated by investment in funds where the asset allocation is primarily in sovereign and debt securities. There has been no change in the process used by the Company to manage its risks from prior periods.

(h) **Sensitivity analysis**

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

	Change in assumption by	Increase/ decrease	Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
			31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
Discounting rate	0.5%	₹ in Million	(7.30)	(3.95)	7.59	4.04
		in %	-6.77%	-5.04%	7.03%	5.15%
Future salary growth rate	0.5%	₹ in Million	4.45	3.58	(4.57)	(3.43)
		in %	4.12%	4.56%	-4.24%	-4.38%
Mortality rate	10%	₹ in Million	(0.59)	0.56	0.59	(0.52)
		in %	-0.54%	0.71%	0.54%	-0.66%
Attrition rate	0.5%	₹ in Million	(1.15)	0.73	1.14	(0.69)
		in %	-1.07%	0.93%	1.06%	-0.88%

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practise, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to prior period.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

**(i) Defined benefit liability and employer contributions**

The Company shall strive to bridge the deficit in defined benefit gratuity plan in the next year.

The Company expects to contribute ₹ 37.50 Million to the defined benefit plan during the year ending 31 March 2018.

The weighted average duration of the defined obligation as at 31 March 2017 is 13.1 years.

The expected maturity analysis of undiscounted defined benefit obligation as at 31 March 2017 is as follows:

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	(₹ in Million) Total
Defined benefit obligation (Gratuity)	11.39	7.01	20.64	262.14	301.18

### 36. RELATED PARTY TRANSACTIONS

**(i) Related parties where control exists**

**(a)** Mr. D.M. Sawhney, Chairman & Managing Director (Key Management Personnel)

**(b) Subsidiaries**

Triveni Turbines Europe Private Limited (wholly owned subsidiary)

Triveni Turbines DMCC (step-down subsidiary)

**(ii) Related parties with whom transactions have taken place during the year :**

**(a) Investing company holding substantial interest**

Triveni Engineering & Industries Limited (TEIL)

**(b) Subsidiaries**

Triveni Turbines Europe Private Limited (wholly owned subsidiary) (TTEPL)

Triveni Turbines DMCC (step-down subsidiary) (TTD)

**(c) Joint Venture**

GE Triveni Limited (GETL)

**(d) Key Management Personnel (KMP)**

Mr. D.M. Sawhney, Chairman & Managing Director (DMS)

Mr. Nikhil Sawhney, Vice Chairman and Managing Director (NS)

Mr. Arun Mote, Executive Director (AM)

Mr. Deepak Kumar Sen, Executive Vice President & CFO (DKS)

Mr. Tarun Sawhney, Promoter Non Executive Director (TS)

Lt. General Kanwal Kishan Hazari (Retired), Independent Non Executive Director (KKH)

Mr. Amal Ganguli, Independent Non Executive Director (AG)

Mrs. Vasantha Bharucha, Independent Non Executive Director (VB)

Mr. Shekhar Datta, Independent Non Executive Director (SD)

**(e) Parties in which key management personnel or their relatives have significant influence**

Subhadra Trade & Finance Limited (STFL)

Tirath Ram Shah Charitable Trust (TRSCT)

**(f) Post employment benefit plans**

Triveni Turbine Limited Officers Pension Scheme (TTLOPS)

Triveni Turbine Limited Employees Gratuity Trust (TTLEGT)

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

**(iii) Details of transactions between the Company and related parties during the year and outstanding balances as on 31 March 2017:**

(₹ in Million)

Financial year	Investing company holding substantial interest	Subsidiary		Joint Venture	KMP										Parties in which KMP or their Relatives have significant influence		Post employment benefit plans	Total	
		TTEPL	TTD		GETL	DMS	NS	AM	DKS	TS	KKH	AG	VB	SD	STFL	TRRCT			TLOPS
<b>Nature of transactions with Related Parties</b>																			
31-Mar-17	107.97	5.71	3.89	26.94	-	-	-	-	-	-	-	-	-	-	-	-	-	-	144.51
31-Mar-16	127.73	5.26	-	579.98	-	-	-	-	-	-	-	-	-	-	-	-	-	-	712.97
31-Mar-17	322.94	118.69	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	441.63
31-Mar-16	376.61	65.73	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	442.34
31-Mar-17	-	-	-	8.21	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8.21
31-Mar-16	-	-	-	7.78	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7.78
31-Mar-17	-	-	-	4.60	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.60
31-Mar-16	-	-	-	0.01	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01
31-Mar-17	1.60	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.60
31-Mar-16	2.12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.12
31-Mar-17	-	-	-	-	30.20	20.77	5.23	-	-	-	-	-	-	-	-	-	-	-	56.20
31-Mar-16	-	-	-	-	30.80	21.85	3.90	-	-	-	-	-	-	-	-	-	-	-	56.55
31-Mar-17	-	-	-	-	-	-	-	0.44	0.62	0.45	0.47	0.40	-	-	-	-	-	-	2.38
31-Mar-16	-	-	-	-	-	-	-	0.41	0.77	0.75	0.78	0.40	-	-	-	-	-	-	3.11
31-Mar-17	-	-	-	-	-	-	-	1.20	1.40	1.20	1.40	1.20	-	-	-	-	-	-	6.40
31-Mar-16	-	-	-	-	-	-	-	1.20	1.20	1.40	1.40	1.20	-	-	-	-	-	-	6.40
31-Mar-17	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8.89
31-Mar-16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10.13
31-Mar-17	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7.24	6.81	14.05
31-Mar-16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7.22	7.52	14.74
31-Mar-17	(0.28)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.28)
31-Mar-16	4.32	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.32
31-Mar-17	-	13.80	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31-Mar-16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31-Mar-17	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.10
31-Mar-16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Outstanding balances</b>																			
31-Mar-17	187.82	4.83	3.89	104.91	-	-	-	-	-	-	-	-	-	-	-	-	-	-	301.45
31-Mar-16	191.87	-	-	358.41	-	-	-	-	-	-	-	-	-	-	-	-	-	-	550.28
1-Apr-15	209.62	2.46	-	217.44	-	-	-	-	-	-	-	-	-	-	-	-	-	-	429.52
31-Mar-17	46.03	10.64	-	63.14	0.26	1.34	1.20	0.03	1.20	1.40	1.20	1.40	1.20	0.10	-	-	-	-	129.14
31-Mar-16	68.71	17.44	-	58.44	0.50	0.21	0.47	0.02	1.20	1.20	1.40	1.20	1.40	1.20	-	-	-	-	152.19
1-Apr-15	43.86	-	-	120.16	0.34	0.04	0.41	0.00	1.20	1.20	1.20	1.20	1.20	-	-	-	-	-	170.81
31-Mar-17	149.05	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	149.05
31-Mar-16	169.40	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	169.40
1-Apr-15	164.71	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	164.71

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### (iv) Compensation of key managerial personnel:

	31-Mar-17	31-Mar-16
Short-term employee benefits	50.85	51.75
Post-employment benefits	5.35	4.80
<b>Total</b>	<b>56.20</b>	<b>56.55</b>

(₹ in Million)

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

### (v) Terms & conditions:

The sales to and purchases from related parties, including rendering / availment of services, are made at terms which are at arm's length after taking into consideration market considerations, external benchmarks and adjustment thereof, terms of Joint Venture agreement and methodology of sharing common group costs. There has not been any transactions with key management personnel other than the approved remuneration having regard to experience, performance and market trends. The outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. The Company has not recorded any impairment of receivables relating to amounts owed by related parties for the year ended 31 March 2017 and 31 March 2016.

- (vi) Guarantees outstanding comprises a corporate guarantee of ₹ 149.05 Million (31 March 2016: ₹ 169.40 Million; 1 April 2015 ₹ 164.71 Million) equivalent to GBP 1.76 Million (31 March 2016: GBP 1.76 Million; 1 April 2015: GBP 1.76 Million) given by TEIL on behalf of the Company as a surety for due performance of the Company's obligations under a contract awarded by an overseas customer and in respect of which, the Company has fully indemnified TEIL against any claims, damages or expenses, including legal costs.

### (vii) In respect of figures disclosed above:

- the amount of transactions/ balances are without giving effect to the Ind AS adjustments on account of fair valuation/ amortisation.
- Remuneration and outstanding balances of KMP does not include long term employee benefits by way of gratuity and compensated absences, which are currently not payable and are provided on the basis of actuarial valuation by the Company.
- TR SCT's outstanding balance does not include provision made for amounts payable by the Company under an agreement with TR SCT in respect of CSR obligation of the Company of ₹ 0.14 Million (31 March 2016: ₹ Nil; 1 April 2015: ₹ 4.80 Million).

- (viii) There are no reportable transactions / balances as required under clause 34(3) of the listing agreements with the stock exchanges.

## 37. CAPITAL MANAGEMENT

For the purpose of capital management, capital includes total equity of the Company. The primary objective of the capital management is to maximize shareholder value. The Company is by and large debt free and hence, borrowings are not considered in capital management.

The business model of the Company is not capital intensive and being in the engineered-to-order capital goods space, the working capital is largely funded by advances from customers. The Company, therefore, prefers low gearing ratio. The Company manages its capital structure and makes adjustments in light of changes in economic conditions which may

## NOTES TO THE FINANCIAL STATEMENTS

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be in the form of payment of dividend subject to benchmark payout ratio, return capital to the shareholders or issue of new shares. Currently, the Company is cash positive and does not require any equity infusion or borrowings.

	31-Mar-17	31-Mar-16	1-Apr-15
	(₹ in Million)		
Non-current borrowings (note 15)	2.38	4.16	5.09
Current borrowings (note 17)	-	-	6.60
Trade payables (note 18)	921.64	881.33	1,127.59
Other financial liabilities (note 19)	134.98	69.70	24.96
<b>Total debt</b>	<b>1,059.00</b>	<b>955.19</b>	<b>1,164.24</b>
Less: Cash and cash equivalent (note 11(a))	(87.33)	(268.09)	(39.50)
<b>Net debt (A)</b>	<b>971.67</b>	<b>687.10</b>	<b>1,124.74</b>
<b>Total equity (note 13 &amp; note 14)</b>	<b>3,957.02</b>	<b>2,986.92</b>	<b>2,569.84</b>
<b>Total equity and net debt (B)</b>	<b>4,928.69</b>	<b>3,674.02</b>	<b>3,694.58</b>
<b>Gearing ratio (A/B)</b>	<b>20%</b>	<b>19%</b>	<b>30%</b>

Further, no changes were made in the objectives, policies or process for managing capital during the years ended 31 March 2017 and 31 March 2016.

The Company is not subject to any externally imposed capital requirements.

### 38. FINANCIAL RISK MANAGEMENT

The Company's principal financial liabilities comprises trade payables and other payables and there are no significant borrowings, other than that necessitated by temporary mismatch. The main purpose of the financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade receivables, other receivables and cash and bank balances that derive directly from its operations. The Company also holds FVTPL investments and loans. The Company has substantial exports and is exposed to foreign currencies fluctuations during the contractual delivery period which is normally in the range of one year. The Company uses derivatives to hedge its foreign exchange exposures which arise from export orders.

The Company's activities expose it mainly to market risk, liquidity risk and credit risk. The monitoring and management of such risks is undertaken by the senior management of the Company and there are appropriate policies and procedures in place through which such financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Company has specialized teams to undertake derivative activities for risk management purposes and such team has appropriate skills, experience and expertise. It is the Company policy not to carry out any trading in derivative for speculative purposes. The Audit Committee and the Board are regularly apprised of such risks every quarter and each such risk and mitigation measures are extensively discussed.

#### (i) Credit risk

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company is exposed to credit risk from its operating activities, primarily trade receivables. The credit risks in respect of deposits with the banks, foreign exchange transactions and other financial instruments are only nominal.

##### (a) Credit risk management

The customer credit risk is managed subject to the Company's established policy, procedure and controls relating to customer credit risk management. In order to contain the business risk, prior to acceptance of an order from a customer, the creditworthiness of the customer is ensured through scrutiny of its financials, status of financial closure of the project, 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 limit risks of delays and default. Further, in most of the cases, the Company prescribes stringent payment terms including ensuring full payments before delivery of goods. Retention amounts, if applicable, are payable after satisfactory commissioning and performance. In view of the industry practice and being in a position to prescribe the desired commercial terms, credit risks from receivables are well contained on an overall basis.



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The impairment analysis is performed on each reporting period on individual basis for major customers. In addition, a large number of receivables are grouped and assessed for impairment collectively. The calculation is based on historical data of losses, current conditions and forecasts and future economic conditions. The Company's maximum exposure to credit risk at the reporting date is the carrying amount of each financial asset as detailed in note 5, 6, 7, 8 and 11.

The trade receivables position is provided here below:

	31-Mar-17	31-Mar-16	1-Apr-15
Total receivables (note 6)	1,501.93	1,334.28	1,693.27
Receivables individually in excess of 10% of the total receivables	466.90	725.77	687.15
Percentage of above receivables to the total receivables of the Company	31%	54%	41%

From the above table, it can be observed that the concentration of risk in respect of trade receivables is well spread out and moderate. Further, its customers are located in several jurisdictions and industries and operate in largely independent markets. The Company does not hold any collateral as security for such receivables.

### (b) Provision for expected credit losses

Basis as explained above, apart from specific provisioning against impairment on an individual basis for major customers, the Company provides for expected credit losses (ECL) for other receivables based on historical data of losses, current conditions and forecasts and future economic conditions, including loss of time value of money due to delays. In view of the business model of the Company, engineered-to-order products and the prescribed commercial terms, the determination of provision based on age analysis may not be a realistic and hence, the provision of expected credit loss is determined for the total trade receivables outstanding as on the reporting date. Considering all such factors, ECL (net of specific provisioning) for trade receivables as at year end worked out as follows:

	31-Mar-17	31-Mar-16	1-Apr-15
Expected credit loss (%)	0.53%	0.59%	0.62%
Expected credit loss (₹ in Million)	3.39	3.80	4.80

### (ii) Liquidity risk

The Company uses liquidity forecast tools to manage its liquidity. As per the business model of the Company, the requirement of working capital is not intensive. The Company is able to substantially fund its working capital from advances from customers and from internal accruals and hence, its reliance on funding through borrowings is negligible. In view of free cash flows, the Company has even been able to fund substantial capital expenditure from internal accruals.

	31-Mar-17	31-Mar-16	1-Apr-15
Current financial assets (CFA) (note 5, 6, 7, 8 & 11)	1,673.05	1,773.06	1,843.56
Non-current financial assets (NCFA) (note 6, 7 & 8)	18.30	15.26	13.92
<b>Total financial assets (FA)</b>	<b>1,691.35</b>	<b>1,788.32</b>	<b>1,857.48</b>
Current financial liabilities (CFL) (note 17, 18 & 19)	1,056.62	951.03	1,159.15
Non-current financial liabilities (NCFL) (note 15)	2.38	4.16	5.09
<b>Total financial liabilities (FL)</b>	<b>1,059.00</b>	<b>955.19</b>	<b>1,164.24</b>
<b>Ratios</b>			
CFA/ CFL	1.58	1.86	1.59
NCFA/NCFL	7.70	3.67	2.74
FA/FL	1.60	1.87	1.60

As could be seen all the ratios are fairly comfortable, indicating easy liquidity. The Company invests surplus funds in bank deposits or liquid mutual funds for appropriate tenures in consonance with cash flow forecasts.

## NOTES TO THE FINANCIAL STATEMENTS

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### Maturities analysis of financial liabilities:

	on demand	<1 year	1-5 years	Total	(₹ in Million) Carrying amount
<b>As at 31 March 2017</b>	-	-	-	-	-
Non-current borrowings	-	-	2.38	2.38	2.38
Current borrowings	-	-	-	-	-
Trade payables	-	921.64	-	921.64	921.64
Other financial liabilities	-	134.98	-	134.98	134.98
	-	<b>1,056.62</b>	<b>2.38</b>	<b>1,059.00</b>	<b>1,059.00</b>
<b>As at 31 March 2016</b>	-	-	-	-	-
Non-current borrowings	-	-	4.16	4.16	4.16
Current borrowings	-	-	-	-	-
Trade payables	-	881.33	-	881.33	881.33
Other financial liabilities	-	69.70	-	69.70	69.70
	-	<b>951.03</b>	<b>4.16</b>	<b>955.19</b>	<b>955.19</b>
<b>As at 1 April 2015</b>	-	-	-	-	-
Non-current borrowings	-	-	5.09	5.09	5.09
Current borrowings	6.60	-	-	6.60	6.60
Trade payables	-	1,127.59	-	1,127.59	1,127.59
Other financial liabilities	-	24.96	-	24.96	24.96
	<b>6.60</b>	<b>1,152.55</b>	<b>5.09</b>	<b>1,164.24</b>	<b>1,164.24</b>

### (iii) Market risk

The Company is virtually debt free and is largely insulated from interest rate risks. Even with respect to investments in mutual funds, the impact of interest rate risk is nominal as the investment is carried in liquid or substantially liquid funds. The Company is essentially exposed to currency risks as export sales forms substantial part of the total sales of the Company. While the Company is mainly exposed to US Dollars, the Company also deals in other currencies, such as, Euro, GBP etc.

The cycle from booking order to collection extends to about a year and the Company is exposed to foreign exchange fluctuation risks during this period. As a policy, the Company remains substantially hedged through foreign exchange forward contracts or other simple derivative structures. It considerably mitigates the risk and the Company is also benefitted in view of incidental forward premium. The policy of substantial hedging insulates the Company from the exchange rate fluctuation and the impact of sensitivity is nominal.

#### (a) Foreign currency risk exposure

The Company's exposure to foreign currency risk at the end of the reporting period are as follows:

		US\$	EURO	GBP	JPY	CHF
<b>As at 31 March 2017</b>						
Financial assets						
- Trade receivables	in foreign currency (Million)	3.93	4.04	0.12	-	-
	in equivalent ₹ (Million)	251.64	275.25	9.92	-	-
Derivative assets (in respect of underlying financial assets)						
- Foreign exchange forward contracts	in foreign currency (Million)	3.74	3.95	-	-	-
sell foreign currency	in equivalent ₹ (Million)	239.69	268.69	-	-	-
Net exposure to foreign currency risk (assets)	in foreign currency (Million)	<b>0.19</b>	<b>0.09</b>	<b>0.12</b>	-	-
	in equivalent ₹ (Million)	<b>11.95</b>	<b>6.56</b>	<b>9.92</b>	-	-
Financial liabilities						
- Trade payables	in foreign currency (Million)	0.40	0.11	0.05	12.40	0.01
	in equivalent ₹ (Million)	25.95	7.45	3.84	7.28	0.33
Derivative liabilities (in respect of underlying financial liabilities)						
- Foreign exchange forward contracts	in foreign currency (Million)	-	-	-	-	-
buy foreign currency	in equivalent ₹ (Million)	-	-	-	-	-
Net exposure to foreign currency risk (liabilities)	in foreign currency (Million)	<b>0.40</b>	<b>0.11</b>	<b>0.05</b>	<b>12.40</b>	<b>0.01</b>
	in equivalent ₹ (Million)	<b>25.95</b>	<b>7.45</b>	<b>3.84</b>	<b>7.28</b>	<b>0.33</b>

## NOTES TO THE FINANCIAL STATEMENTS

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		US\$	EURO	GBP	JPY	CHF
<b>As at 31 March 2016</b>						
Financial assets						
- Trade receivables	in foreign currency (Million)	2.57	2.38	0.32	-	-
	in equivalent ₹ (Million)	169.71	176.79	29.83	-	-
Derivative assets (in respect of underlying financial assets)						
- Foreign exchange forward contracts	in foreign currency (Million)	2.23	2.33	0.26	-	-
sell foreign currency	in equivalent ₹ (Million)	146.80	172.98	24.12	-	-
Net exposure to foreign currency risk (assets)	in foreign currency (Million)	<b>0.34</b>	<b>0.05</b>	<b>0.06</b>	-	-
	in equivalent ₹ (Million)	<b>22.91</b>	<b>3.81</b>	<b>5.71</b>	-	-
Financial liabilities						
- Trade payables	in foreign currency (Million)	0.42	0.24	0.09	0.61	0.00
	in equivalent ₹ (Million)	27.89	17.97	8.18	0.36	0.03
Derivative liabilities (in respect of underlying financial liabilities)						
- Foreign exchange forward contracts	in foreign currency (Million)	-	-	-	-	-
buy foreign currency	in equivalent ₹ (Million)	-	-	-	-	-
Net exposure to foreign currency risk (liabilities)	in foreign currency (Million)	<b>0.42</b>	<b>0.24</b>	<b>0.09</b>	<b>0.61</b>	<b>0.00</b>
	in equivalent ₹ (Million)	<b>27.89</b>	<b>17.97</b>	<b>8.18</b>	<b>0.36</b>	<b>0.03</b>
<b>As at 1 April 2015</b>						
Financial assets						
- Trade receivables	in foreign currency (Million)	4.83	5.50	0.15	-	-
	in equivalent ₹ (Million)	300.34	368.22	13.56	-	-
Derivative assets (in respect of underlying financial assets)						
- Foreign exchange forward contracts	in foreign currency (Million)	3.23	5.47	0.12	-	-
sell foreign currency	in equivalent ₹ (Million)	200.93	366.20	10.87	-	-
Net exposure to foreign currency risk (assets)	in foreign currency (Million)	<b>1.60</b>	<b>0.03</b>	<b>0.03</b>	-	-
	in equivalent ₹ (Million)	<b>99.41</b>	<b>2.02</b>	<b>2.69</b>	-	-
Financial liabilities						
- Trade payables	in foreign currency (Million)	0.08	0.32	0.12	13.55	0.03
	in equivalent ₹ (Million)	5.13	21.67	11.08	7.13	2.01
Derivative liabilities (in respect of underlying financial liabilities)						
- Foreign exchange forward contracts	in foreign currency (Million)	-	-	-	-	-
buy foreign currency	in equivalent ₹ (Million)	-	-	-	-	-
Net exposure to foreign currency risk (liabilities)	in foreign currency (Million)	<b>0.08</b>	<b>0.32</b>	<b>0.12</b>	<b>13.55</b>	<b>0.03</b>
	in equivalent ₹ (Million)	<b>5.13</b>	<b>21.67</b>	<b>11.08</b>	<b>7.13</b>	<b>2.01</b>

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The Company's foreign currency derivatives outstanding (including for firm commitments) at the end of the reporting period are as follows:

		US\$	EURO	GBP	JPY	CHF
<b>As at 31 March 2017</b>						
Foreign exchange forward contracts to sell foreign currency	in foreign currency (Million) in equivalent ₹ (Million)	9.69	10.49	-	-	-
		620.82	714.22	-	-	-
Foreign exchange forward contracts to buy foreign currency	in foreign currency (Million) in equivalent ₹ (Million)	-	0.25	-	-	-
		-	17.59	-	-	-
<b>As at 31 March 2016</b>						
Foreign exchange forward contracts to sell foreign currency	in foreign currency (Million) in equivalent ₹ (Million)	19.96	9.56	5.19	-	-
		1,315.75	709.18	488.93	-	-
Foreign exchange forward contracts to buy foreign currency	in foreign currency (Million) in equivalent ₹ (Million)	-	-	-	-	-
		-	-	-	-	-
<b>As at 1 April 2015</b>						
Foreign exchange forward contracts to sell foreign currency	in foreign currency (Million) in equivalent ₹ (Million)	9.52	15.22	0.43	-	-
		592.16	1,018.11	38.94	-	-
Foreign exchange forward contracts to buy foreign currency	in foreign currency (Million) in equivalent ₹ (Million)	-	-	-	-	-
		-	-	-	-	-

All the above contracts are maturing within one year.

### (b) Sensitivity

The following table demonstrate the sensitivity of net unhedged foreign currency exposures relating to financial instruments to reasonably possible changes in foreign currency exchange rates, with all other variables held constant.

	Change in FC exchange rate by	Impact on profit or loss and equity (₹ in Million)			
		Increase in FC exchange rates		Decrease in FC exchange rates	
		31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
US\$ sensitivity	5%	(0.70)	(0.25)	0.70	0.25
EURO sensitivity	5%	(0.04)	(0.71)	0.04	0.71
GBP sensitivity	5%	0.30	(0.12)	(0.30)	0.12
JPY sensitivity	5%	(0.36)	(0.02)	0.36	0.02
CHF sensitivity	5%	(0.02)	(0.00)	0.02	0.00

Further, the change in foreign currency rates will impact the fair value of the derivatives and correspondingly impact the profit or loss, but there will not be any impact over the hedge period as the derivatives will enable capturing the hedged rates and the budgeted profitability would remain unchanged.

There is no impact on other components of equity since the Company has not elected to apply hedge accounting.

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### 39. FAIR VALUE MEASUREMENTS

#### (i) Financial instruments by category

(₹ in Million)

	31-Mar-17		31-Mar-16		1-Apr-15	
	FVTPL*	Amortised cost	FVTPL*	Amortised cost	FVTPL*	Amortised cost
<b>Financial assets</b>						
Investments in mutual funds	40.12	-	111.51	-	60.23	-
Trade receivables	-	1,501.93	-	1,334.28	-	1,693.27
Loans	-	2.76	-	2.24	-	2.75
Cash and bank balances	-	88.41	-	269.08	-	40.42
Security deposits	-	5.91	-	4.10	-	3.61
Earnest money deposits	-	2.38	-	2.25	-	1.89
Derivative financial assets	48.93	-	49.62	-	54.96	-
Other receivables	-	0.91	-	15.24	-	0.35
<b>Total financial assets</b>	<b>89.05</b>	<b>1,602.30</b>	<b>161.13</b>	<b>1,627.19</b>	<b>115.19</b>	<b>1,742.29</b>
<b>Financial liabilities</b>						
Borrowings	-	4.16	-	7.55	-	15.02
Trade payables	-	921.64	-	881.33	-	1,127.59
Capital creditors	-	113.37	-	17.68	-	4.08
Other payables	-	19.83	-	48.63	-	17.55
<b>Total financial liabilities</b>	<b>-</b>	<b>1,059.00</b>	<b>-</b>	<b>955.19</b>	<b>-</b>	<b>1,164.24</b>

\* Mandatorily measured at FVTPL, there is no financial instrument which is designated as FVTPL



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### (ii) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

#### Financial assets and liabilities measured at fair value - recurring fair value measurements

	Note No.	Level 1	Level 2	Level 3	Total
(₹ in Million)					
<b>As at 31 March 2017</b>					
Financial assets					
- Investments in mutual funds (Unquoted)	5 (b)	-	40.12	-	40.12
- Foreign exchange forward contracts at FVTPL	8	-	48.93	-	48.93
		-	<b>89.05</b>	-	<b>89.05</b>
<b>As at 31 March 2016</b>					
Financial assets					
- Investments in mutual funds (Unquoted)	5 (b)	-	111.51	-	111.51
- Foreign exchange forward contracts at FVTPL	8	-	49.62	-	49.62
		-	<b>161.13</b>	-	<b>161.13</b>
<b>As at 1 April 2015</b>					
Financial assets					
- Investments in mutual funds (Unquoted)	5 (b)	-	60.23	-	60.23
- Foreign exchange forward contracts at FVTPL	8	-	54.96	-	54.96
		-	<b>115.19</b>	-	<b>115.19</b>

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. No assets are classified in this category.

**Level 2:** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. No assets are classified in this category.

There are no transfers between levels 1 and 2 during the year.

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### (iii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the fair value of the mutual funds is determined using daily NAV as declared for the particular scheme by the Asset Management Company. The fair value estimates are included in Level 2.
- the fair value of foreign exchange forward contracts is determined using market observable inputs, including prevalent forward rates for the maturities of the respective contracts and interest rate curves as indicated by banks and third parties.

### (iv) Valuation processes

The Corporate finance team has requisite knowledge and skills. The team headed by Group CFO directly reports to the audit committee to arrive at the fair value of financial instruments.

### (v) Fair value of financial assets and liabilities that are not measured at fair value (but fair value disclosures are required)

Except as detailed in the following table, the management considers that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

	31-Mar-17		31-Mar-16		1-Apr-15	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Trade receivables	1,501.93	1,496.70	1,334.28	1,302.26	1,693.27	1,654.82
	<b>1,501.93</b>	<b>1,496.70</b>	<b>1,334.28</b>	<b>1,302.26</b>	<b>1,693.27</b>	<b>1,654.82</b>

### Fair value hierarchy

				Total	
	Level 1	Level 2	Level 3		
<b>As at 31 March 2017</b>					
Financial assets					
Trade receivables	-	-	1,496.70	1,496.70	1,496.70
	-	-	<b>1,496.70</b>	<b>1,496.70</b>	<b>1,496.70</b>
<b>As at 31 March 2016</b>					
Financial assets					
Trade receivables	-	-	1,302.26	1,302.26	1,302.26
	-	-	<b>1,302.26</b>	<b>1,302.26</b>	<b>1,302.26</b>
<b>As at 1 April 2015</b>					
Financial assets					
Trade receivables	-	-	1,654.82	1,654.82	1,654.82
	-	-	<b>1,654.82</b>	<b>1,654.82</b>	<b>1,654.82</b>

- (a) The fair values for trade receivables which are expected to be received after twelve months (though within the operating cycle) are computed based on discounted cash flows. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk. The carrying amounts of the remaining trade receivables are considered to be the same as their fair values, due to their short-term nature.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

### 40. LEASES

#### (i) Obligations under finance leases

During financial year 2014-15, the Company had acquired land at Sompura from Karnataka Industrial Areas Development Board (KIADB) on a lease-cum-sale basis. The land is under lease for initial period of ten years thereafter the ownership of the land will be transferred in favour of the Company (refer note 3(i)). Initial upfront lease payment (including slum cess and process fee) of ₹ 365.81 Million was made to the KIADB for acquisition of land and thereafter, the Company's obligations are limited to payment of yearly recurring maintenance charges of ₹ 0.14 Million during the lease period. There is no contingent rent or restriction imposed in the lease agreement.

#### (ii) Operating lease arrangements

##### As Lessee

The Company has taken various residential / office premises and certain office equipment under operating leases. These leases are generally not non-cancellable, except in the case of some office equipment. The unexpired period of the leases ranges between one month to less than five years and these are renewable by mutual consent on mutually agreeable terms. The Company has given refundable interest-free security deposits under certain agreements. There is no contingent rent, sublease payments or restriction imposed in the lease agreement.

##### Payments recognised as expense

	31-Mar-17	31-Mar-16
Minimum lease payments (refer note 31)	6.78	6.20
	<b>6.78</b>	<b>6.20</b>

(₹ in Million)

##### Non-cancellable operating lease commitments

	31-Mar-17	31-Mar-16	1-Apr-15
Not later than one year	0.83	0.75	0.62
Later than one year and not later than five years	1.33	0.56	0.91
Later than five years	-	-	-
	<b>2.16</b>	<b>1.31</b>	<b>1.53</b>

(₹ in Million)

##### As Lessor

The Company has given certain portions of its office premises under operating leases. These leases are not non-cancellable and are extendable by mutual consent and at mutually agreeable terms. The gross carrying amount, accumulated depreciation and depreciation recognised in the statement of profit and loss in respect of such portion of the leased premises are not separately identifiable. There is no impairment loss in respect of such premises. No contingent rent has been recognised in the statement of profit and loss. There are no minimum future lease payments as there are no non-cancellable leases. Lease income is recognised in the statement of profit and loss under "Other Income" (refer note 24). Initial direct costs incurred, if any, to earn revenues from an operating lease are recognised as an expense in the statement of profit and loss in the period in which they are incurred.



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

### 43. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006.

Based on the intimation received by the Company from its suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, the relevant information is provided here below:

	31-Mar-17	31-Mar-16	1-Apr-2015
	(₹ in Million)		
The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year; as at the end of the year			
(i) Principal amount	90.49	68.65	90.47
(ii) Interest due on above	-	-	-
The amount of interest paid by the buyer in terms of section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-	-
The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-	-

### 44. DISCLOSURE ON SPECIFIED BANK NOTES (SBNS)

Pursuant to MCA notification G.S.R. 308(E) dated 30 March 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016, the denomination wise SBNS and other notes as per the notification is given below:

	SBNS*	Other denomination notes	Total
Closing cash on hand as on 8 November 2016	0.28	0.21	0.49
Add: Permitted receipts	-	0.67	0.67
Less: Permitted payments	-	(0.71)	(0.71)
Less: Amount deposited in banks	(0.28)	-	(0.28)
Closing cash on hand as on 30 December 2016	-	0.17	0.17

\* For the purposes of this clause, the term "Specified Bank Notes" shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated 8 November 2016.



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

## 45. RESEARCH & DEVELOPMENT EXPENSES

During the year, the Company has incurred expenditure of ₹ 97.78 Million (31 March 2016: ₹ 118.41 Million) on research and development activities as per following details:

	(₹ in Million)	
	31-Mar-17	31-Mar-16
Revenue expenses	86.92	103.78
Less: Scrap value	(1.07)	-
Capital expenditure	11.93	14.63
<b>Total</b>	<b>97.78</b>	<b>118.41</b>

## 46. FIRST TIME ADOPTION OF IND AS

### Transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS balance sheet as at 1 April 2015 (the transition date). In preparing its opening Ind AS balance sheet, the Company has made adjustments to the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provision of the Act (previous GAAP or Indian GAAP). Further, in view of the classification of current and non-current items adopted in accordance with the criteria specified in Ind AS 1 *Presentation of Financial Statements* the corresponding figures of the previous years have been appropriately reclassified wheresoever necessary. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

### A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

#### A.1 Ind AS optional exemptions

##### A.1.1 Business combinations

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date.

The Company has elected to apply Ind AS 103 prospectively to business combinations occurring after the transition date. Business combinations occurring prior to the transition date have not been restated.

##### A.1.2 Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 *Intangible Assets*.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

## A.1.3 Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.

The Company has elected to apply this exemption for such contracts/ arrangements.

## A.1.4 Investments in subsidiary and joint venture

Ind AS 27 requires an entity to account for its investments in subsidiaries and joint ventures either at cost or in accordance with Ind AS 109. Ind AS 101 provides an option to measure such investments as at the date of transition to Ind AS either at cost determined in accordance with Ind AS 27 or deemed cost, where deemed cost shall be its fair value as at date of transition to Ind AS or previous GAAP carrying amount as at that date.

The Company has elected to measure all of its investments in subsidiary and joint venture at their previous GAAP carrying value.

## A.2 Ind AS mandatory exceptions

### A.2.1 Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP (after adjustments to reflect any difference in accounting policies) apart from certain new estimates that were not required under previous GAAP.

### A.2.2 De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

### A.2.3 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets (debt instruments) in terms of whether they meet the amortised cost criteria or the fair value criteria based on the facts and circumstances that existed as of the transition date and the Company has followed the same.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

## A.2.4 Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

## B. Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

### B.1 Effect of Ind AS adoption on the balance sheet as at 31 March 2016 and 1 April 2015

(₹ in Million)

Note No.	31 March 2016 (End of last period presented under previous GAAP)			1 April 2015 (Date of transition)			
	Previous GAAP *	Effect of transition to Ind AS	Ind AS	Previous GAAP *	Effect of transition to Ind AS	Ind AS	
<b>ASSETS</b>							
<b>Non-current assets</b>							
Property, plant and equipment	C.1, C.2	1,243.98	19.73	1,263.71	1,291.71	14.44	1,306.15
Capital work-in-progress		328.78	-	328.78	61.03	-	61.03
Intangible assets		52.61	-	52.61	44.57	-	44.57
Investments in subsidiary and joint venture		98.47	-	98.47	84.67	-	84.67
Financial assets		-	-	-	-	-	-
i. Trade receivables	C.3	15.83	(4.26)	11.57	15.83	(5.16)	10.67
ii. Loans		0.18	-	0.18	0.30	-	0.30
iii. Other financial assets		3.51	-	3.51	2.95	-	2.95
Other non-current assets		150.15	-	150.15	91.05	-	91.05
Income tax assets (net)		12.68	-	12.68	12.68	-	12.68
<b>Total non-current assets</b>		<b>1,906.19</b>	<b>15.47</b>	<b>1,921.66</b>	<b>1,604.79</b>	<b>9.28</b>	<b>1,614.07</b>
<b>Current assets</b>							
Inventories	C.1	1,582.93	(15.44)	1,567.49	1,187.27	(14.44)	1,172.83
Financial assets							
i. Investments	C.4	110.71	0.80	111.51	60.00	0.23	60.23
ii. Trade receivables	C.3	1,326.51	(3.80)	1,322.71	1,687.40	(4.80)	1,682.60
iii. Cash and cash equivalents		268.09	-	268.09	39.50	-	39.50
iv. Bank balances other than cash and cash equivalents		0.99	-	0.99	0.79	-	0.79
v. Loans		2.06	-	2.06	2.45	-	2.45
vi. Other financial assets	C.5	30.93	36.77	67.70	92.39	(34.40)	57.99
Other current assets		480.24	-	480.24	426.09	-	426.09
<b>Total current assets</b>		<b>3,802.46</b>	<b>18.33</b>	<b>3,820.79</b>	<b>3,495.89</b>	<b>(53.41)</b>	<b>3,442.48</b>
<b>Total assets</b>		<b>5,708.65</b>	<b>33.80</b>	<b>5,742.45</b>	<b>5,100.68</b>	<b>(44.13)</b>	<b>5,056.55</b>

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

(₹ in Million)

	31 March 2016 (End of last period presented under previous GAAP)			1 April 2015 (Date of transition)			
	Note No.	Previous GAAP *	Effect of transition to Ind AS	Ind AS	Previous GAAP *	Effect of transition to Ind AS	Ind AS
<b>EQUITY AND LIABILITIES</b>							
<b>EQUITY</b>							
Equity share capital		329.97	-	329.97	329.97	-	329.97
Other equity	C.1, C.3, C.4, C.5, C.6, C.7, C.11 & C.12	2,627.36	29.59	2,656.95	2,026.06	213.81	2,239.87
<b>Total equity</b>		<b>2,957.33</b>	<b>29.59</b>	<b>2986.92</b>	<b>2,356.03</b>	<b>213.81</b>	<b>2,569.84</b>
<b>LIABILITIES</b>							
<b>Non-current liabilities</b>							
Financial Liabilities							
i. Borrowings		4.16	-	4.16	5.09	-	5.09
Provisions		44.33	-	44.33	44.34	-	44.34
Deferred tax liabilities (Net)	C.11	80.56	15.66	96.22	91.28	(12.96)	78.32
<b>Total non-current liabilities</b>		<b>129.05</b>	<b>15.66</b>	<b>144.71</b>	<b>140.71</b>	<b>(12.96)</b>	<b>127.75</b>
<b>Current liabilities</b>							
Financial liabilities							
i. Borrowings		-	-	-	6.60	-	6.60
ii. Trade payables		881.33	-	881.33	1,127.59	-	1,127.59
iii. Other financial liabilities	C.5	76.87	(7.17)	69.70	31.65	(6.69)	24.96
Other current liabilities	C.6	1,531.62	(4.28)	1,527.34	1,050.29	-	1,050.29
Provisions	C.7	77.58	-	77.58	362.98	(238.29)	124.69
Income tax liabilities (Net)		54.87	-	54.87	24.83	-	24.83
<b>Total current liabilities</b>		<b>2,622.27</b>	<b>(11.45)</b>	<b>2,610.82</b>	<b>2,603.94</b>	<b>(244.98)</b>	<b>2,358.96</b>
<b>Total liabilities</b>		<b>2,751.32</b>	<b>4.21</b>	<b>2,755.53</b>	<b>2,744.65</b>	<b>(257.94)</b>	<b>2,486.71</b>
<b>Total equity and liabilities</b>		<b>5,708.65</b>	<b>33.80</b>	<b>5,742.45</b>	<b>5,100.68</b>	<b>(44.13)</b>	<b>5,056.55</b>

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

## B.2 Reconciliation of total equity as at 31 March 2016 and 1 April 2015

(₹ in Million)

	Note No.	31 March 2016 (End of last period presented under previous GAAP)	1 April 2015 (Date of transition)
<b>Total equity (shareholders' funds) under previous GAAP</b>		2,957.33	2,356.03
<b>Adjustments</b>			
Capitalisation of items earlier classified as inventory	C.1	4.29	-
Provision for expected credit losses on trade receivables	C.3	(3.80)	(4.80)
Fair valuation of revenue	C.3	(4.26)	(5.16)
Fair valuation of investments	C.4	0.80	0.23
Fair valuation of derivatives	C.5	43.94	(27.71)
Foreign currency customer advances adjustment	C.6	4.28	-
Proposed dividend	C.7	-	238.29
Deferred tax	C.11	(15.66)	12.96
<b>Total adjustment to equity</b>		<b>29.59</b>	<b>213.81</b>
<b>Total equity under Ind AS</b>		<b>2,986.92</b>	<b>2,569.84</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

### B.3 Effect of Ind AS adoption on the statement of profit and loss for the year ended 31 March 2016

(₹ in Million)

	Note No.	31 March 2016		
		(Last period presented under previous GAAP)		
		Previous GAAP *	Effect of transition to Ind AS	Ind AS
Revenue from operations	C.6	7,353.96	(2.94)	7,351.02
Other income	C.3, C.4, C.5, C.6	134.61	80.34	214.95
<b>Total income</b>		<b>7,488.57</b>	<b>77.40</b>	<b>7,565.97</b>
<b>Expenses</b>				
Cost of materials consumed		4,248.59	-	4,248.59
Changes in inventories of finished goods and work-in-progress		(254.25)	-	(254.25)
Excise duty on sale of products	C.8	265.95	-	265.95
Employee benefits expense	C.9	631.95	3.89	635.84
Finance costs		3.43	-	3.43
Depreciation and amortisation expense	C.1	139.88	12.79	152.67
Impairment loss on financial assets (including reversals of impairment losses)	C.3	(6.03)	(1.00)	(7.03)
Other expenses	C.1	908.48	(17.08)	891.40
<b>Total expenses</b>		<b>5,938.00</b>	<b>(1.40)</b>	<b>5,936.60</b>
<b>Profit before tax</b>		<b>1,550.57</b>	<b>78.80</b>	<b>1,629.37</b>
Tax expense:				
- Current tax		523.13	-	523.13
- Deferred tax	C.11	(10.72)	27.27	16.55
<b>Total tax expense</b>		<b>512.41</b>	<b>27.27</b>	<b>539.68</b>
<b>Profit for the year</b>		<b>1,038.16</b>	<b>51.53</b>	<b>1,089.69</b>
Other comprehensive income				
A (i) Items that will not be reclassified to profit or loss				
- Remeasurements of the defined benefit plans	C.9	-	3.89	3.89
		-	<b>3.89</b>	<b>3.89</b>
A (ii) Income tax relating to items that will not be reclassified to profit & loss	C.11	-	1.35	1.35
		-	<b>2.54</b>	<b>2.54</b>
B (i) Items that may be reclassified to profit or loss		-	-	-
B (ii) Income tax relating to items that may be reclassified to profit & loss		-	-	-
<b>Other comprehensive income for the year, net of tax</b>	C.10	-	<b>2.54</b>	<b>2.54</b>
<b>Total comprehensive income for the year</b>		<b>1,038.16</b>	<b>54.07</b>	<b>1,092.23</b>

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

### B.4 Reconciliation of total comprehensive income for the year ended 31 March 2016

	Note No.	(₹ in Million) 31 March 2016 (Last period presented under previous GAAP)
<b>Profit as per previous GAAP</b>		<b>1,038.16</b>
<b>Adjustments:</b>		
Capitalisation of items earlier classified as inventory	C.1	4.29
Provision for expected credit losses on trade receivables	C.3	1.00
Fair valuation of revenue	C.3	0.90
Fair valuation of investments	C.4	0.57
Fair valuation of derivatives	C.5	71.65
Foreign currency customer advances adjustment	C.6	4.28
Remeasurements of defined benefit plans	C.9	(3.89)
Deferred tax	C.11	(27.27)
<b>Total effect of transition to Ind AS</b>		<b>51.53</b>
<b>Profit for the year as per Ind AS</b>		<b>1,089.69</b>
Other comprehensive income for the year (net of tax)	C.9, C.10 & C.11	2.54
<b>Total comprehensive income under Ind AS</b>		<b>1,092.23</b>

Note: Under previous GAAP, total comprehensive income was not reported. Therefore, the above reconciliation starts with profit under previous GAAP.

### B.5 Effect of Ind AS adoption on the statement of cash flows for the year ended 31 March 2016

	Note No.	(₹ in Million) 31 March 2016 (Last period presented under previous GAAP)		
		Previous GAAP	Effect of transition to Ind AS	Ind AS
Net cash flows from operating activities	C.1	1377.73	18.09	1395.82
Net cash flows from investing activities	C.1	(453.08)	(18.09)	(471.17)
Net cash flows from financing activities		(696.06)	-	(696.06)
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>228.59</b>	<b>-</b>	<b>228.59</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>39.50</b>	<b>-</b>	<b>39.50</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>268.09</b>	<b>-</b>	<b>268.09</b>

## C. NOTES TO FIRST-TIME ADOPTION:

### C.1 Property, plant and equipment

Under the previous GAAP, the Company had classified and accounted the items of machinery spares, stores, tools etc as fixed assets or inventory in accordance with AS 10 *Accounting for Fixed Assets* and AS 2 *Valuation of Inventories*. Ind AS 16 *Property, Plant and Equipment* requires tangible assets to be classified as property, plant and equipment (PPE) if they are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and are expected to be used during more than one period. Depreciation charge shall start on such assets upon capitalisation on date of ready to use. Based on the assessment performed by



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

the management, it has been determined that some assets earlier classified as inventories as per previous GAAP qualify to be classified as items of PPE in accordance with Ind AS 16. Consequently, inventories is reduced by ₹ 15.44 Million as at 31 March 2016 (1 April 2015: ₹ 14.44 Million), PPE is increased by ₹ 19.73 Million as at 31 March 2016 (1 April 2015: ₹ 14.44 Million), other expenses for the year ended 31 March 2016 is decreased by ₹ 17.08 Million and depreciation for the year ended 31 March 2016 is increased by ₹ 12.79 Million. Total equity is increased by ₹ 4.29 Million as at 31 March 2016 (1 April 2015: ₹ Nil), profit for the year ended 31 March 2016 is increased by ₹ 4.29 Million and net cash flows from operating activities is increased by ₹ 18.09 Million alongwith decrease in net cash flows from investing activities with the equivalent amount.

### C.2 Leasehold land

Under the previous GAAP, leasehold land were scoped out of AS 19 *Leases* and hence all such lands were capitalised and formed part of PPE. Under Ind AS, since now the leasehold land is scoped in Ind AS 17 *Leases*, in view of terms of the lease of land at Sompura being in the nature of finance lease, the Company has accounted for such land in accordance with Ind AS 17 and continued to disclose the same under PPE. There is no impact on the total equity or profit as a result of this adjustment.

### C.3 Trade receivables and fair valuation of revenue

As per Ind AS 109 *Financial Instruments*, the Company is required to apply expected credit loss model for recognising the allowance for doubtful debts. As a result, the allowance for doubtful debts is increased by ₹ 3.80 Million as at 31 March 2016 (1 April 2015: ₹ 4.80 Million). Consequently, the total equity as at 31 March 2016 is decreased by ₹ 3.80 Million (1 April 2015: ₹ 4.80 Million) and profit for the year ended 31 March 2016 is increased by ₹ 1.00 Million.

As per Ind AS 18 *Revenue*, revenue shall be measured at the fair value of the consideration received or receivable and accordingly in case where an entity has provided credit period (beyond normal credit period) without interest or at below-market interest rate, fair valuation of the consideration is determined by discounting all future receipts using an imputed rate of interest. Based on the assessment performed by the management, it has been determined that in one revenue contract there is some component of implicit financing built in the commercial terms and accordingly revenue is accounted for at fair value. Consequently, trade receivables is reduced by ₹ 4.26 Million as at 31 March 2016 (1 April 2015: ₹ 5.16 Million), other income for the year ended 31 March 2016 is increased by ₹ 0.90 Million. Total equity is decreased by ₹ 4.26 Million as at 31 March 2016 (1 April 2015: ₹ 5.16 Million) and profit for the year ended 31 March 2016 is increased by ₹ 0.90 Million.

### C.4 Fair valuation of investments

Under the previous GAAP, current investments in mutual funds were carried at lower of cost or fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in retained earnings as at the date of transition and subsequently in the profit or loss for the year ended 31 March 2016. Consequently, current investments is increased by ₹ 0.80 Million as at 31 March 2016 (1 April 2015: ₹ 0.23 Million), other income for the year ended 31 March 2016 is increased by ₹ 0.57 Million. Total equity is increased by ₹ 0.80 Million as at 31 March 2016 (1 April 2015: ₹ 0.23 Million) and profit for the year ended 31 March 2016 is increased by ₹ 0.57 Million.

### C.5 Fair valuation of derivatives

Under the previous GAAP, in respect of derivative contracts relating to firm commitments or highly probable forecast transactions, provision was made for mark to market losses, if any, at the balance sheet date and gains, if any, were not recognised till settlement. Foreign exchange forward contracts (not relating to firm commitments or highly probable forecast transactions and not intended for trading or speculative purposes) were translated at the balance sheet date. Any gain/loss on translation or settlement were recognised in profit

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

or loss. The difference between the forward rate and exchange rate at the inception of foreign exchange forward contract was amortised as expense or income over the life of the contracts. Under Ind AS, derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately. Consequently, unamortised premium of ₹ 7.17 Million as at 31 March 2016 (1 April 2015: ₹ 6.69 Million) is derecognised, derivative assets is increased by ₹ 36.77 Million as at 31 March 2016 (1 April 2015: decreased by ₹ 34.40 Million), other income for the year ended 31 March 2016 is increased by ₹ 71.65 Million. Total equity is increased by ₹ 43.94 Million (1 April 2015: decreased by ₹ 27.71 Million) and profit for the year ended 31 March 2016 is increased by ₹ 71.65 Million.

### C.6 Foreign currency customer advances

Under the previous GAAP, the Company had earlier considered foreign currency customer advances as a monetary item and had accordingly restated its year end balances at year end foreign exchange rates and recognised sales against such advances were at the foreign exchange rates at the date of sales (i.e. at foreign exchange rates that is different from foreign exchange rates at which customer advances were recognised). However under Ind AS, Ind AS 21 *The Effects of Changes in Foreign Exchange Rates*, foreign currency advances should be treated as non-monetary item and therefore such advances would not be restated for any subsequent changes in exchange rates and related sales transaction, to the extent of advance received, would be recognised at the same foreign exchange rate at which customer advances were recognised. Consequently, customer advances is decreased by ₹ 4.28 Million as at 31 March 2016 (1 April 2015: ₹ Nil), sales for the year ended 31 March 2016 is decreased by ₹ 2.94 Million and other income for the year ended 31 March 2016 is increased by ₹ 7.22 Million. Total equity is increased by ₹ 4.28 Million as at 31 March 2016 (1 April 2015: ₹ Nil) and profit for the year ended 31 March 2016 is increased by ₹ 4.28 Million.

### C.7 Proposed dividend

Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend of ₹ Nil as at 31 March 2016 (1 April 2015: ₹ 238.29 Million) included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity is increased by an equivalent amount.

### C.8 Excise duty

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of products is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses. This change has resulted in an increase in total revenue and total expenses for the year ended 31 March 2016 by ₹ 265.95 Million. There is no impact on the total equity and profit.

### C.9 Remeasurements of defined benefit plans

Under Ind AS, remeasurements on defined benefit plans i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended 31 March 2016 is decreased by ₹ 3.89 Million. There is no impact on the total equity as at 31 March 2016.

### C.10 Other comprehensive income

Under the previous GAAP, there was no concept of other comprehensive income. Under Ind AS, specified item of income, expense, gains or losses are required to be presented in other comprehensive income.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

## C.11 Deferred tax

Under the previous GAAP, deferred tax accounting is done using income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 *Income Taxes* requires to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on temporary differences which were not required under previous GAAP in addition to the various temporary differences consequent to Ind AS transitional adjustments. Consequently, deferred tax liabilities (net) is increased by ₹ 15.66 Million as at 31 March 2016 (1 April 2015: decreased by ₹ 12.96 Million) and tax expense for the year ended 31 March 2016 is increased by ₹ 28.62 Million. Total equity is decreased by ₹ 15.66 Million as at 31 March 2016 (1 April 2015: increased by ₹ 12.96 Million), profit for the year ended 31 March 2016 is increased by ₹ 27.27 Million and other comprehensive income for the year ended 31 March 2016 is decreased by ₹ 1.35 Million.

## C.12 Retained earnings

Retained earnings as at 1 April 2015 has been adjusted consequent to the above Ind AS transition adjustments.

## 47. RECENT ACCOUNTING PRONOUNCEMENTS

The Ministry of Corporate Affairs (MCA) vide notification dated 17 March 2017 has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and has amended Ind AS 7 *Statement of Cash Flows*. The amendments to Ind AS 7 requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 April 2017. Application of this amendments will not have any recognition and measurement impact. However, it will require additional disclosure in the financial statements.

## 48. APPROVAL OF STANDALONE FINANCIAL STATEMENTS

The standalone financial statements were approved for issue by the Board of Directors of the Company on 18 May 2017 subject to approval of shareholders.

As per our report of even date attached

**For J.C. Bhalla & Company**  
**Chartered Accountants**

Firm's registration number : 001111N

**Sudhir Mallick**

Partner

Membership No. 80051

Place : Noida (U.P.)

Date : May 18, 2017

For and on behalf of the Board of Directors of Triveni Turbine Limited

**Dhruv M. Sawhney**

Chairman & Managing Director

**Deepak Kumar Sen**

Executive Vice President & CFO

**Lt. Gen. K K Hazari (Retd.)**

Director & Chairman Audit Committee

**Rajiv Sawhney**

Company Secretary

## INDEPENDENT AUDITORS' REPORT

### To the Members of Triveni Turbine Limited

#### Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Triveni Turbine Limited ("the Holding Company") and its subsidiaries (collectively referred to as "the Group") and its joint venture which comprise the consolidated balance sheet as at March 31, 2017 the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

#### Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder. The respective Board of Directors of the companies included in the Group and its joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 consolidated Ind AS 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 Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS 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 including the Ind AS, of the consolidated state of affairs (financial position) of the Group and its joint venture as at March 31, 2017 and its consolidated profit (financial performance including other comprehensive income), its consolidated cash flows and the consolidated changes in equity for the year then ended.

## Other Matters

- (a) The consolidated Ind AS financial statements include the Group's share of income of ₹ 43.5 Million for the year ended March 31, 2017 as considered in the consolidated Ind AS financial statements, in respect of a joint venture whose Ind AS financial statements have not been audited by us. These Ind AS financial statements have been audited by other auditor whose report has been furnished to us by the Management and our opinion on the Ind AS consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the joint venture, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid joint venture, is based solely on the report of the other auditor.
- (b) We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of ₹ 152.1 Million and net assets of ₹ 54.6 Million as at March 31, 2017 total revenues of ₹ 330.1 Million and net cash flows amounting to ₹ 70.5 Million for the year ended on that date, as considered in the consolidated financial statements. These subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustment prepared by the Management and audited by us. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditors and the Ind AS financial statements certified by the Management.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, that:
- 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 Ind AS financial statements.
  - In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books.
  - The consolidated balance sheet, the consolidated statement of profit and loss, the consolidated statement of cash flows and consolidated statement of changes in equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
  - In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.
  - On the basis of written representations received from the directors of the Holding Company as on March 31, 2017, except for one director (since deceased), and taken on record by the Board of Directors and on the basis of the report of the statutory auditors of its joint venture company incorporated in India, we report that none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164(2) of the Act.
  - 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
  - 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 consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its joint venture. Refer Note 44 to the consolidated Ind AS financial statements;
- ii. The Group and its joint venture did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its joint venture; and
- iv. the Holding Company has provided requisite disclosures in its consolidated Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Holding Company. Refer Note 46 to the consolidated Ind AS financial statements.

For **J.C. Bhalla & Co.**  
**Chartered Accountants**  
Firm Regn. No. 001111N

**Sudhir Mallick**  
Partner  
Membership No. 80051

Place: Noida (U.P.)  
Date : May 18, 2017



## ANNEXURE A TO THE INDEPENDENT AUDITORS' 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 Ind AS financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Triveni Turbine Limited ("the Holding Company") and its joint venture which are companies incorporated in India, as of that date.

### **Management's Responsibility for Internal Financial Controls**

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

### **Auditors' Responsibility**

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

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

controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors 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 joint venture, 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 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 Holding Company and its joint venture which are companies 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 March 31, 2017 based on the internal control over financial reporting criteria established by these companies considering the essential components of internal control stated in the Guidance Note.

### 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 insofar as it relates to a joint

venture which is company incorporated in India, is based on the corresponding report of the auditors of such company incorporated in India. Our opinion is not qualified in respect of this matter.

For **J.C. Bhalla & Co.**  
**Chartered Accountants**  
 Firm Regn. No. 001111N

**Sudhir Mallick**

Partner

Membership No. 80051

Place: Noida (U.P.)

Date : May 18, 2017

# CONSOLIDATED BALANCE SHEET

as at March 31, 2017

	Note No.	31-Mar-17	31-Mar-16	(₹ in Million) 1-Apr-15
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	3	2,266.13	1,263.71	1,306.15
Capital work-in-progress	3	103.02	328.78	61.03
Intangible assets	4	52.90	52.61	44.57
Investments accounted for using the equity method	5(a)	131.48	87.97	51.91
<b>Financial assets</b>				
i. Trade receivables	6	12.55	11.57	10.67
ii. Loans	7	0.35	0.18	0.30
iii. Other financial assets	8	5.40	3.51	2.95
Other non-current assets	9	190.62	150.15	91.05
Income tax assets (net)	21	12.68	12.68	12.68
<b>Total non-current assets</b>		<b>2,775.13</b>	<b>1,911.16</b>	<b>1,581.31</b>
<b>Current assets</b>				
Inventories	10	1,458.66	1,567.49	1,172.83
<b>Financial assets</b>				
i. Investments	5 (b)	40.12	111.51	60.23
ii. Trade receivables	6	1,507.14	1,328.94	1,683.18
iii. Cash and cash equivalents	11 (a)	176.99	289.54	44.77
iv. Bank balances other than cash and cash equivalents	11 (b)	1.08	0.99	0.79
v. Loans	7	2.41	2.06	2.45
vi. Other financial assets	8	53.40	68.00	57.99
Other current assets	9	395.84	498.71	427.14
<b>Total current assets</b>		<b>3,635.64</b>	<b>3,867.24</b>	<b>3,449.38</b>
Assets classified as held for sale	12	6.05	-	-
<b>Total current assets</b>		<b>3,641.69</b>	<b>3,867.24</b>	<b>3,449.38</b>
<b>Total assets</b>		<b>6,416.82</b>	<b>5,778.40</b>	<b>5,030.69</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	13	329.97	329.97	329.97
Other equity	14	3,704.63	2,664.05	2,206.22
<b>Total equity</b>		<b>4,034.60</b>	<b>2,994.02</b>	<b>2,536.19</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
<b>Financial Liabilities</b>				
i. Borrowings	15	2.38	4.16	5.09
Provisions	16	78.30	46.44	44.34
Deferred tax liabilities (net)	22	108.81	96.22	78.32
<b>Total non-current liabilities</b>		<b>189.49</b>	<b>146.82</b>	<b>127.75</b>
<b>Current liabilities</b>				
<b>Financial liabilities</b>				
i. Borrowings	17	-	-	6.60
ii. Trade payables	18	943.74	899.54	1,132.27
iii. Other financial liabilities	19	141.59	77.52	27.50
Other current liabilities	20	964.29	1,527.30	1,050.86
Provisions	16	70.12	77.58	124.69
Income tax liabilities (net)	21	72.99	55.62	24.83
<b>Total current liabilities</b>		<b>2,192.73</b>	<b>2,637.56</b>	<b>2,366.75</b>
<b>Total liabilities</b>		<b>2,382.22</b>	<b>2,784.38</b>	<b>2,494.50</b>
<b>Total equity and liabilities</b>		<b>6,416.82</b>	<b>5,778.40</b>	<b>5,030.69</b>

The accompanying notes 1 to 50 form an integral part of the consolidated financial statements

As per our report of even date attached

**For J.C. Bhalla & Company**  
**Chartered Accountants**

Firm's registration number : 001111N

**Sudhir Mallick**

Partner

Membership No. 80051

Place : Noida (U.P.)

Date : May 18, 2017

For and on behalf of the Board of Directors of Triveni Turbine Limited

**Dhruv M. Sawhney**

Chairman & Managing Director

**Deepak Kumar Sen**

Executive Vice President & CFO

**Lt. Gen. K K Hazari (Retd.)**

Director & Chairman Audit Committee

**Rajiv Sawhney**

Company Secretary

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2017

	Note No.	31-Mar-17	31-Mar-16
(₹ in Million)			
Revenue from operations	23	7,655.70	7,395.20
Other income	24	289.89	212.36
<b>Total income</b>		<b>7,945.59</b>	<b>7,607.56</b>
<b>Expenses</b>			
Cost of materials consumed	25	3,865.39	4,266.72
Changes in inventories of finished goods and work-in-progress	26	33.03	(254.25)
Excise duty on sale of products		209.63	265.95
Employee benefits expense	27	809.24	681.90
Finance costs	28	3.32	3.43
Depreciation and amortisation expense	29	147.98	152.67
Impairment loss on financial assets (including reversals of impairment losses)	30	6.53	(7.03)
Other expenses	31	1,067.98	863.98
<b>Total expenses</b>		<b>6,143.10</b>	<b>5,973.37</b>
<b>Profit before share of net profit of investments accounted for using equity method and tax</b>		<b>1,802.49</b>	<b>1,634.19</b>
Share of net profit of joint venture accounted for using the equity method		43.50	36.05
<b>Profit before tax</b>		<b>1,845.99</b>	<b>1,670.24</b>
Tax expense:			
- Current tax	32	590.95	523.86
- Deferred tax	32	19.50	16.55
<b>Total tax expense</b>		<b>610.45</b>	<b>540.41</b>
<b>Profit for the year</b>		<b>1,235.54</b>	<b>1,129.83</b>
<b>Other comprehensive income</b>			
A (i) Items that will not be reclassified to profit or loss			
- Remeasurements of the defined benefit plans	14 (iv), 35	(19.94)	3.89
- Share of other comprehensive income of joint venture accounted for using the equity method	14 (iv), 40	0.01	0.01
		<b>(19.93)</b>	<b>3.90</b>
A (ii) Income tax relating to items that will not be reclassified to profit & loss	32	(6.90)	1.35
		<b>(13.03)</b>	<b>2.55</b>
B (i) Items that may be reclassified to profit or loss			
- Exchange differences arising on translating the foreign operations	14 (v), 40	(3.21)	0.61
		<b>(3.21)</b>	<b>0.61</b>
B (ii) Income tax relating to items that may be reclassified to profit & loss	32	-	-
		<b>(3.21)</b>	<b>0.61</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>(16.24)</b>	<b>3.16</b>
<b>Total comprehensive income for the year</b>		<b>1,219.30</b>	<b>1,132.99</b>
<b>Earnings per equity share of ₹ 1 each</b>			
Basic earnings per share	33	3.74	3.42
Diluted earnings per share	33	3.74	3.42

The accompanying notes 1 to 50 form an integral part of the consolidated financial statements

As per our report of even date attached

**For J.C. Bhalla & Company**  
**Chartered Accountants**

Firm's registration number : 001111N

**Sudhir Mallick**

Partner

Membership No. 80051

Place : Noida (U.P.)

Date : May 18, 2017

For and on behalf of the Board of Directors of Triveni Turbine Limited

**Dhruv M. Sawhney**

Chairman & Managing Director

**Deepak Kumar Sen**

Executive Vice President & CFO

**Lt. Gen. K K Hazari (Retd.)**

Director & Chairman Audit Committee

**Rajiv Sawhney**

Company Secretary

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2017

## A. EQUITY SHARE CAPITAL

Equity shares of ₹ 1 each issued, subscribed and fully paid up

	(₹ in Million)
As at 1 April 2015	329.97
Changes in equity share capital	-
<b>As at 31 March 2016</b>	<b>329.97</b>
Changes in equity share capital	-
<b>As at 31 March 2017</b>	<b>329.97</b>

## B. OTHER EQUITY

	Reserves and surplus				Items of other comprehensive income	Total other equity
	Capital redemption reserve	Securities premium	General reserve	Retained earnings	Foreign currency translation reserve	
<b>Balance as at 1 April 2015</b>	<b>28.00</b>	<b>4.69</b>	<b>839.23</b>	<b>1,334.31</b>	<b>(0.01)</b>	<b>2,206.22</b>
Profit for the year	-	-	-	1,129.83	-	1,129.83
Other comprehensive income, net of income tax	-	-	-	2.55	0.61	3.16
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,132.38</b>	<b>0.61</b>	<b>1,132.99</b>
Dividends paid	-	-	-	(560.96)	-	(560.96)
Dividend distribution tax	-	-	-	(114.20)	-	(114.20)
<b>Balance as at 31 March 2016</b>	<b>28.00</b>	<b>4.69</b>	<b>839.23</b>	<b>1,791.53</b>	<b>0.60</b>	<b>2,664.05</b>
Profit for the year	-	-	-	1,235.54	-	1,235.54
Other comprehensive income, net of income tax	-	-	-	(13.03)	(3.21)	(16.24)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,222.51</b>	<b>(3.21)</b>	<b>1,219.30</b>
Dividends paid	-	-	-	(148.49)	-	(148.49)
Dividend distribution tax	-	-	-	(30.23)	-	(30.23)
<b>Balance as at 31 March 2017</b>	<b>28.00</b>	<b>4.69</b>	<b>839.23</b>	<b>2,835.32</b>	<b>(2.61)</b>	<b>3,704.63</b>

The accompanying notes 1 to 50 form an integral part of the consolidated financial statements

As per our report of even date attached

**For J.C. Bhalla & Company**  
Chartered Accountants

Firm's registration number : 001111N

**Sudhir Mallick**

Partner

Membership No. 80051

Place : Noida (U.P.)

Date : May 18, 2017

For and on behalf of the Board of Directors of Triveni Turbine Limited

**Dhruv M. Sawhney**

Chairman & Managing Director

**Deepak Kumar Sen**

Executive Vice President & CFO

**Lt. Gen. K K Hazari (Retd.)**

Director & Chairman Audit Committee

**Rajiv Sawhney**

Company Secretary

# CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended March 31, 2017

	31-Mar-17	31-Mar-16
	(₹ in Million)	
<b>Cash flows from operating activities</b>		
Profit before tax	1,845.99	1,670.24
Adjustments for		
Share of net profit of joint venture accounted for using the equity method	(43.50)	(36.05)
Depreciation/amortisation	147.98	152.67
Loss on sale/write off/impairment of property, plant and equipment	2.30	0.65
Net profit on sale/redemption of investments	(22.51)	(18.18)
Net fair value losses/(gains) on current investments	0.68	(0.57)
Interest income	(1.39)	(1.93)
Finance costs	3.32	3.43
Unrealised losses/(gains) from changes in foreign exchange rates	18.59	5.40
Mark-to-market losses/(gains) on derivatives	(48.93)	(49.62)
Working capital adjustments :		
Change in trade receivables	(202.14)	349.71
Change in inventories	108.83	(394.66)
Change in trade payables	50.42	(233.61)
Change in other financial assets	61.01	39.34
Change in other assets	56.86	(77.73)
Change in provisions	4.60	(41.19)
Change in other financial liabilities	(29.56)	35.85
Change in other liabilities	(559.23)	486.18
<b>Cash generated from operations</b>	<b>1,393.32</b>	<b>1,889.93</b>
Income tax paid	(573.04)	(493.08)
<b>Net cash inflow from operating activities</b>	<b>820.28</b>	<b>1,396.85</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(834.11)	(426.48)
Proceeds from sale of property, plant and equipment	0.63	0.57
Purchase of investments	(800.00)	(2,270.00)
Proceeds from sale of investments	893.22	2,237.47
Interest received	0.41	1.07
<b>Net cash outflow from investing activities</b>	<b>(739.85)</b>	<b>(457.37)</b>
<b>Cash flows from financing activities</b>		
Proceeds from long term borrowings	-	2.78
Repayment of long term borrowings	(3.38)	(3.67)
Repayment of short term borrowings	-	(6.60)
Interest paid	(3.35)	(13.61)
Dividend paid to Company's shareholders	(148.40)	(560.76)
Dividend distribution tax	(30.23)	(114.20)
<b>Net cash outflow from financing activities</b>	<b>(185.36)</b>	<b>(696.06)</b>
Increase/(decrease) in cash and cash equivalents due to foreign exchange variation	(7.62)	1.35
Net increase/(decrease) in cash and cash equivalents	(112.55)	244.77
Cash and cash equivalents at the beginning of the year (refer note 11 (a))	289.54	44.77
<b>Cash and cash equivalents at the end of the year (refer note 11 (a))</b>	<b>176.99</b>	<b>289.54</b>

The accompanying notes 1 to 50 form an integral part of the consolidated financial statements

As per our report of even date attached

**For J.C. Bhalla & Company**  
Chartered Accountants

Firm's registration number : 001111N

**Sudhir Mallick**

Partner

Membership No. 80051

Place : Noida (U.P.)

Date : May 18, 2017

For and on behalf of the Board of Directors of Triveni Turbine Limited

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**Lt. Gen. K K Hazari (Retd.)**

Director & Chairman Audit Committee

**Rajiv Sawhney**

Company Secretary



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

## CORPORATE INFORMATION

The consolidated financial statements comprises of financial statements of Triveni Turbine Limited and its subsidiaries (collectively the "Group") and the Group's interest in joint venture. Triveni Turbine Limited (the "Company" or the "Parent") is a company limited by shares, incorporated, domiciled in India. The Company's equity shares are listed at two recognised stock exchanges in India (BSE and NSE). The registered office of the Company is located at A-44, Hosiery Complex, Phase II extension, Noida, Uttar Pradesh- 201305. The Group is primarily engaged in business of manufacture and supply of power generating equipment and solutions and has manufacturing facilities at Bengaluru, Karnataka.

## 1. SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

### (a) Basis of preparation and presentation

#### (i) Compliance with Ind AS

The consolidated financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The consolidated financial statements up to year ended 31 March 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP).

These consolidated financial statements are the first financial statements of the Group under Ind AS. The date of transition to Ind AS is 1 April 2015. Refer note 48 for the details of first-time adoption exemptions availed by the Group and an explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows.

#### (ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis except for certain assets and liabilities (including derivative instruments) that are measured at fair values at

the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 Inventories or value in use in Ind AS 36 Impairment of Assets.

#### (iii) Principles of consolidation and equity accounting

##### Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

## Joint Ventures

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit and loss, and the Group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

## (b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, other similar allowances, value added taxes, service tax and amounts collected on behalf of third parties, if any.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria have been met for each of the Group's activities as described below.

### Recognising revenue from major business activities

#### (i) Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at

which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### (ii) Rendering of services

Revenue from a contract to provide services is recognised when the outcome of a transaction involving the rendering of services can be estimated reliably, by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- erection & commissioning / service revenue is recognised by reference to the stage of completion of the erection & commissioning/ service, determined based on technical estimate of completion of physical proportion of the contract work;
- operation & maintenance revenue is recognised by reference to the stage of completion of operations & maintenance work, determined as the proportion of the total period of services contract that has elapsed at the end of the reporting period

#### (iii) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

## (iv) Construction contracts

When the outcome of a construction contract can be estimated reliably, revenue is recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated balance sheet, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated balance sheet under trade receivables

## (v) Royalties

Income from royalty is recognised as per the contractual arrangement with the Licensee upon supply of turbine manufactured with the technical know-how provided by the Group to the Licensee (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

## (vi) Rental income

The Group's policy for recognition of revenue from operating leases is described in note 1(d) below.

## (c) Government grants

Grants from the government are recognised where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented either within other income or net of related costs.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit & loss in the period in which they become receivable.

## (d) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

### (i) As a lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see note 1(g) below).

Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

compensate for the lessor's expected inflationary cost increases in which case lease expenses are charged to profit or loss on the basis of actual payments to the lessors.

## (ii) As a lessor

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the consolidated balance sheet based on their nature.

## (e) Foreign currency translation

### (i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Indian rupee (₹), which is Group's functional and presentation currency unless stated otherwise.

### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss in the period in which they arise.

Foreign exchange gains and losses are presented in the consolidated statement of profit and loss on a net basis within other gains/(losses).

### (iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of that consolidated balance sheet

- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and

- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

## (f) Impairment of non-financial assets

Non- financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non- financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

## (g) Borrowing costs

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

Other borrowing costs are expensed in the period in which they are incurred.

## (h) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

## (i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

## (ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to

the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

## (iii) Current and deferred tax for the year

Current and deferred tax are recognised in 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. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

## (i) Property, plant and equipment

Property, plant and equipment are tangible items that are held for use in the production or supply for goods and services, rental to others or for administrative purposes and are expected to be used during more than one period. The cost of an item of property, plant and equipment shall be recognised as an asset if and only if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Freehold land is carried at cost. All other items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Each part of item of property, plant and equipment, if significant in relation to the total cost of the item,



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

is depreciated separately. Further, parts of plant and equipment that are technically advised to be replaced at prescribed intervals/period of operation, insurance spares and cost of inspection/overhauling are depreciated separately based on their specific useful life provided these are of significant amounts commensurate with the size of the Group and scale of its operations. The carrying amount of any equipment / inspection / overhauling accounted for as separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

An item of property, plant and equipment is derecognised 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 property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

## Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015 (transition date) measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

## Depreciation methods, estimated useful lives and residual value

Depreciation commences when the assets are ready for their intended use. Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives.

The management has estimated the useful lives and residual values of all property, plant and equipment and adopted useful lives as stated in Schedule II along with residual values of 5% except for the following:

- On the basis of technical assessment involving technology obsolescence and past experience:
  - o mobile phones costing ₹ 5,000/- or more are depreciated over two years.
  - o patterns, tools, jigs, fixtures etc. are depreciated over three years.
  - o machinery spares are depreciated over a life ranging from three to five years.

- Assets costing less than ₹ 5,000/- are fully depreciated in the year of purchase.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

## (j) Intangible assets

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. 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.

Estimated useful lives of the intangible assets are as follows:

Assets	Estimated useful life
Computer software	36 months
Website development cost	36 months
Designs and drawings	72 months

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

## Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- its intention to complete and its ability and intention to use or sell the asset;



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

- how the asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the asset; and
- the ability to measure reliably the expenditure attributable to asset during its development.

The amount initially recognised for intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no intangible assets can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Subsequent to initial recognition, such intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as of acquired intangible assets.

## Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of intangible assets recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

## (k) Inventories

- (i) Inventories of raw materials, components, stores and spares are valued at lower of cost and net realizable value. Cost for the purpose of valuation of such inventories is determined on weighted average basis.
- (ii) Finished goods and work-in-progress are valued at lower of cost and net realizable value. The cost of finished goods and work-in-progress includes raw material costs, direct cost of conversion and proportionate allocation of indirect costs incurred in bringing the inventories to their present location and condition. Excise duty is included in the value of finished goods.

## (l) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management

must be committed to the sale. They are measured at the lower of their carrying amount and fair value less costs to sell.

## (m) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When the effect of the time value of money is material, provision is measured at the present value of cash flows estimated to settle the present obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

## (n) Employee benefits

### (i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the undiscounted amounts expected to be paid when the liabilities are settled. The liabilities are presented as current benefit obligations in the consolidated balance sheet.

### (ii) Other long-term employee benefit obligations

Other long-term employee benefits includes earned leaves, sick leaves and employee retention bonus.

### Earned leaves and sick leaves

The liabilities for earned leaves and sick leaves are not expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. They are therefore measured at the present value of expected

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit & loss. The obligations are presented as provisions in the consolidated balance sheet.

### Employee retention bonus

The Group, as a part of retention policy, pays retention bonus to certain employees after completion of specified period of service. The timing of the outflows is expected to be within a period of five years. They are therefore measured at the present value of expected future payments at the end of each annual reporting period in accordance with management best estimates. This cost is included in employee benefit expense in the consolidated statement of profit and loss with corresponding provisions in the consolidated balance sheet.

### (iii) Post-employment obligations

The Group operates the following post-employment schemes:

- defined benefit plan towards payment of gratuity; and
- defined contribution plans towards provident fund & employee pension scheme, employee state insurance and superannuation scheme.

### Defined benefit plans

The Group provides for gratuity obligations through a defined benefit retirement plan (the 'Gratuity Plan') covering all employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement/termination of employment or death of an employee, based on the respective employees' salary and years of employment with the Group.

The liability or asset recognised in the consolidated balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The present value of the defined benefit obligation in respect of employees of the Parent is

determined using projected unit credit method by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation, with actuarial valuations being carried out at the end of each annual reporting period. In view of short duration of employment contracts, obligations under defined benefits plans for the employees of foreign subsidiary companies of the Parent is determined using management estimates based upon the laws applicable of the concerned country.

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 expense in the consolidated statement of profit and loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the consolidated statement of changes in equity and in the consolidated balance sheet.

### Defined contribution plans

Defined contribution plans are retirement benefit plans under which the Group pays fixed contributions to separate entities (funds) or financial institutions or state managed benefit schemes. The Group has no further payment obligations once the contributions have been paid. The defined contributions plans are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

- **Provident Fund Plan & Employee Pension Scheme**

The Group makes monthly contributions at prescribed rates towards Employees' Provident Fund/ Employees' Pension Scheme to a Fund administered and managed by the Government of India.

- **Employee State Insurance**

The Group makes prescribed monthly contributions towards Employees' State Insurance Scheme.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

- **Superannuation Scheme**

The Group contributes towards a fund established by the Group to provide superannuation benefit to certain employees in terms of Group Superannuation Policies entered into by such fund with the Life Insurance Corporation of India.

- **Other defined contribution plans**

The Group, in respect of employees engaged in foreign countries, contributes towards employee benefit plans, in accordance with prevailing laws in such countries, to funds which are administered and managed by the respective government authorities.

**(o) Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed by the end of the reporting period.

**(p) Financial assets**

**(i) Classification**

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For assets in the nature of debt instruments, this will depend on the business model. For assets in the nature of equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity instrument at fair value through other comprehensive income.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

**(ii) Measurement**

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

**Debt instruments**

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is recognised using the effective interest rate method.
- **Fair value through other comprehensive income (FVTOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVTOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method.
- **Fair value through profit or loss (FVTPL):** Assets that do not meet the criteria for amortised cost or FVTOCI are measured at fair value through profit or loss. A gain or loss

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net in the consolidated statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

## Equity instruments

The Group subsequently measures all equity investments at fair value, except for equity investments in joint venture, where the Group has the option to either measure it at cost or fair value. The Group has opted to measure equity investments in joint venture at cost. Where the Group's management elects to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Group's right to receive payments is established.

## (iii) Impairment of financial assets

In accordance with Ind AS 109 Financial Instruments, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss associated with its financial assets carried at amortised cost and FVTOCI debt instruments.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 Construction Contracts and Ind AS 18 Revenue, the Group applies simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected life time losses to be recognised after initial recognition of receivables. For recognition of impairment loss on other financial assets and risk exposure, the Group determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, twelve months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts

to recognising impairment loss allowance based on twelve-months ECL.

ECL represents expected credit loss resulting from all possible defaults and is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive, discounted at the original effective interest rate. While determining cash flows, cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms are also considered.

ECL is determined with reference to historically observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates. Note 38 details how the Group determines expected credit loss.

## (iv) Derecognition of financial assets

A financial asset is derecognised only when

- the Group has transferred the rights to receive cash flows from the financial asset; or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Group has transferred an asset, it evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the Group has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the Group has neither transferred a financial asset nor retained substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

## (v) Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. 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 a financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

## (q) Financial liabilities and equity instruments

### (i) Classification

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual

arrangements and the definitions of a financial liability and an equity instrument.

### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

### Financial liabilities

The Group classifies its financial liabilities in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss, and
- those measured at amortised cost.

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or it is designated as at FVTPL, other financial liabilities are measured at amortised cost at the end of subsequent accounting periods.

## (ii) Measurement

### Equity instruments

Equity instruments issued by the Group are recognised at the proceeds received. Transaction cost of equity transactions shall be accounted for as a deduction from equity.

### Financial liabilities

At initial recognition, the Group measures a financial liability at its fair value net of, in the case of a financial liability not measured at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liability. Transaction costs of financial liability carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement of financial liabilities depends on the classification of financial liabilities. There are two measurement categories into which the Group classifies its financial liabilities:

- **Fair value through profit or loss (FVTPL):** Financial liabilities are classified as at FVTPL when the financial liability is held for trading or it is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

- **Amortised cost:** Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

## (iii) Derecognition

### Equity instruments

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

### Financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

## (iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of a financial liability.

## (v) Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign

exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'. The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

## (r) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

## (s) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

## (t) Fair value of financial instruments

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

## 2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

## (a) Critical accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgement, which has the most significant effect on the amounts recognised in the consolidated financial statements:

### (i) Classification and accounting of GE Triveni Limited as a Joint Venture

The Group holds more than 50% stake in the equity share capital (i.e. holding 8,000,001 equity shares out of total 16,000,000 equity shares) of GE Triveni Limited (GETL) and the balance share capital is being held by GE Mauritius Infrastructure Holdings Limited. By virtue of agreements between the shareholders, relevant terms of which are enshrined in the Articles of Association of GETL, it has been considered that the Group has joint control over GETL alongwith the other shareholder, since unanimous consent of both the shareholders is required in respect of significant financial, operating, strategic and managerial decisions. Accordingly investments in equity shares of GETL is classified as an investment in joint venture and has been accounted for under the equity method of accounting in the consolidated financial statements.

## (b) Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### (i) Employee benefit plans

The cost of the defined benefit plans and other long term employee benefits and the present value

of the obligation thereon are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, attrition and mortality rates. Due to the complexities involved in the valuation and its long-term nature, obligation amount is highly sensitive to changes in these assumptions.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans, the management considers the interest rates of government bonds. Future salary increases are based on expected future inflation rates and expected salary trends in the industry. Attrition rates are considered based on past observable data on employees leaving the services of the Group. The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. See note 35 for further disclosures.

### (ii) Provision for warranty claims

The Group, in the usual course of sale of its products, gives warranties on certain products and services, undertaking to repair or replace the items that fail to perform satisfactorily during the specified warranty period. Provisions made represent the amount of expected cost of meeting such obligations of rectifications / replacements based on best estimate considering the historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts. The assumptions made in relation to the current period are consistent with those in the prior years.

### (iii) Provision for liquidated damages

It represents the potential liability which may arise from contractual obligation towards customers with respect to matters relating to delivery and performance of the Group's products. The provision represents the amount estimated to meet the cost of such obligations based on best estimate considering the historical trends, merits of the case and apportionment of delays between the contracting parties.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

### (iv) Provision for litigations and contingencies

The provision for litigations and contingencies are determined based on evaluation made by the management of the present obligation arising from past events the settlement of which is expected to result in outflow of resources embodying economic benefits, which involves judgements around estimating the ultimate outcome of such past events and measurement of the obligation amount.

### (v) Useful life and residual value of plant, property equipment and intangible assets

The useful life and residual value of plant, property equipment and intangible assets are determined based on technical evaluation made by the management of the expected usage of the asset, the physical wear and tear and technical or commercial obsolescence of the asset. Due to the judgements involved in such estimations, the useful life and residual value are sensitive to the actual usage in future period.

### (vi) Tax charge on intangible assets recognised at time of vesting of turbine business

The Group has been claiming allowance for depreciation on written down value method on certain intangibles recognised upon vesting of the steam turbine business in earlier years pursuant to a scheme of demerger. While such claims for certain years have been adjudicated in favor of the Group at the first appellate stage, the Revenue department has consistently disallowed the same in tax assessments. In view of uncertainty with regard to the ultimate decision in such matter at higher judicial forums, the Group has not considered the benefit of the aforesaid favorable decisions and has continued to recognise charge for tax without considering depreciation benefits on such intangible assets, the tax effect of which aggregates to ₹ 187.19 Million till March 31, 2017 (31 March 2016: ₹ 187.19 Million).

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

## 3. PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

	Property, plant and equipment										Capital work-in-progress			
	Freehold		Leasehold		Buildings		Plant and Equipment		Office Furniture & Fixtures			Vehicles	Computers	Total
	Land		Land				Equipment							
<b>Year ended 31 March 2016</b>														
<b>Gross carrying amount</b>														
Deemed cost as at 1 April 2015	36.42	388.65	241.16	568.41	7.29	19.83	26.26	18.13	1,306.15					61.03
Additions	-	-	-	74.86	3.51	0.19	3.12	9.86	91.54					294.97
Disposals	-	-	-	(0.03)	(0.01)	-	(0.92)	(0.31)	(1.27)					-
Transfers	-	-	-	-	-	-	-	-	-					(27.22)
<b>Closing gross carrying amount</b>	<b>36.42</b>	<b>388.65</b>	<b>241.16</b>	<b>643.24</b>	<b>10.79</b>	<b>20.02</b>	<b>28.46</b>	<b>27.68</b>	<b>1,396.42</b>					<b>328.78</b>
<b>Accumulated depreciation</b>														
Depreciation charge during the year	-	-	7.99	103.82	3.09	5.99	4.51	7.35	132.75					-
Disposals	-	-	-	(0.01)	-	-	(0.01)	(0.02)	(0.04)					-
<b>Closing accumulated depreciation</b>	<b>-</b>	<b>-</b>	<b>7.99</b>	<b>103.81</b>	<b>3.09</b>	<b>5.99</b>	<b>4.50</b>	<b>7.33</b>	<b>132.71</b>					<b>-</b>
<b>Net carrying amount</b>	<b>36.42</b>	<b>388.65</b>	<b>233.17</b>	<b>539.43</b>	<b>7.70</b>	<b>14.03</b>	<b>23.96</b>	<b>20.35</b>	<b>1,263.71</b>					<b>328.78</b>
<b>Year ended 31 March 2017</b>														
<b>Gross carrying amount</b>														
Opening gross carrying amount	36.42	388.65	241.16	643.24	10.79	20.02	28.46	27.68	1,396.42					328.78
Additions	-	-	842.34	221.60	5.76	30.35	21.30	15.41	1,136.76					848.14
Disposals	-	-	-	(0.45)	(0.33)	-	(1.56)	(1.21)	(3.55)					(1,073.90)
Other adjustments (see (v) below)	-	-	-	(8.68)	-	-	-	-	(8.68)					-
<b>Closing gross carrying amount</b>	<b>36.42</b>	<b>388.65</b>	<b>1,083.50</b>	<b>855.71</b>	<b>16.22</b>	<b>50.37</b>	<b>48.20</b>	<b>41.88</b>	<b>2,520.95</b>					<b>103.02</b>
<b>Accumulated depreciation</b>														
Opening accumulated depreciation	-	-	7.99	103.81	3.09	5.99	4.50	7.33	132.71					-
Depreciation charge during the year	-	-	11.53	92.90	2.79	3.74	5.47	8.94	125.37					-
Disposals	-	-	-	(0.01)	(0.04)	-	(0.39)	(0.19)	(0.63)					-
Other adjustments (see (v) below)	-	-	-	(2.63)	-	-	-	-	(2.63)					-
<b>Closing accumulated depreciation</b>	<b>-</b>	<b>-</b>	<b>19.52</b>	<b>194.07</b>	<b>5.84</b>	<b>9.73</b>	<b>9.58</b>	<b>16.08</b>	<b>254.82</b>					<b>-</b>
<b>Net carrying amount</b>	<b>36.42</b>	<b>388.65</b>	<b>1,063.98</b>	<b>661.64</b>	<b>10.38</b>	<b>40.64</b>	<b>38.62</b>	<b>25.80</b>	<b>2,266.13</b>					<b>103.02</b>

### Notes:

- (i) Leased assets  
The leasehold land above represents land at Sompura, acquired by the Group during financial year 2014-15 from Karnataka Industrial Areas Development Board, on a lease-cum-sale basis. The land is under lease for initial period of ten years thereafter the ownership of the land will be transferred in favour of the Group and accordingly has been considered as land under finance lease (refer note 42(i)).
- (ii) Restrictions on Property, plant and equipment  
Refer note 15 & 17 for information on charges created on property, plant and equipment.
- (iii) Contractual commitments  
Refer note 43 for disclosure of contractual commitments for the acquisition of Property, plant and equipment.
- (iv) Capital work-in-progress  
Capital work-in-progress mainly comprises new manufacturing facility at Sompura in the process of being installed.
- (v) Other adjustments  
Represent certain obsolete machines which the Group intends to dispose of and thus has been classified as assets held for sale (refer note 12).

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

## 4. INTANGIBLE ASSETS

	Computer software	Website	Design and Drawings	(₹ in Million) Total
<b>Year ended 31 March 2016</b>				
Gross carrying amount				
Deemed cost as at 1 April 2015	13.53	0.23	30.81	44.57
Additions	20.37	1.19	6.70	28.26
<b>Closing gross carrying amount</b>	<b>33.90</b>	<b>1.42</b>	<b>37.51</b>	<b>72.83</b>
<b>Accumulated amortisation</b>				
Amortisation charge for the year	10.88	0.49	8.85	20.22
<b>Closing accumulated amortisation</b>	<b>10.88</b>	<b>0.49</b>	<b>8.85</b>	<b>20.22</b>
<b>Closing net carrying amount</b>	<b>23.02</b>	<b>0.93</b>	<b>28.66</b>	<b>52.61</b>
<b>Year ended 31 March 2017</b>				
Gross carrying amount				
Opening gross carrying amount	33.90	1.42	37.51	72.83
Additions	23.14	-	-	23.14
<b>Closing gross carrying amount</b>	<b>57.04</b>	<b>1.42</b>	<b>37.51</b>	<b>95.97</b>
<b>Accumulated amortisation</b>				
Opening accumulated amortisation	10.88	0.49	8.85	20.22
Amortisation charge for the year	14.11	0.37	8.37	22.85
<b>Closing accumulated amortisation</b>	<b>24.99</b>	<b>0.86</b>	<b>17.22</b>	<b>43.07</b>
<b>Closing net carrying amount</b>	<b>32.05</b>	<b>0.56</b>	<b>20.29</b>	<b>52.90</b>

(i) All intangible assets disclosed above represents acquired intangible assets.

## 5. INVESTMENTS

### (a) Investments accounted for using the equity method

	31-Mar-17	31-Mar-16	(₹ in Million) 1-Apr-15
<b>At Cost</b>			
<b>Unquoted Investments (fully paid-up)</b>			
<b>Investments in Equity Instruments</b>			
- of Joint venture			
8,000,001 (31 March 2016: 8,000,001; 1 April 2015: 8,000,001) Equity shares of ₹10/- each of GE Triveni Limited (refer note 2 (a) (i), note 17 (ii) and note 40(ii))	131.48	87.97	51.91
<b>Total investments accounted for using the equity method</b>	<b>131.48</b>	<b>87.97</b>	<b>51.91</b>
<b>Total investments accounted for using the equity method</b>	<b>131.48</b>	<b>87.97</b>	<b>51.91</b>
Aggregate amount of quoted investments and market value thereof	-	-	-
Aggregate amount of unquoted investments	131.48	87.97	51.91
Aggregate amount of impairment in the value of investments	-	-	-

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

## (b) Current investments

	31-Mar-17	31-Mar-16	1-Apr-15
(₹ in Million)			
<b>At Fair value through P&amp;L</b>			
<b>Unquoted investments</b>			
<b>Investments in Mutual Funds</b>			
153,527.643 (31 March 2016: 206,988.340; 1 April 2015: 134,076.954) Mutual Funds Units of Birla Sun Life Cash Plus Growth - Direct Plan	40.12	50.36	30.11
Nil (31 March 2016: 486,226.421; 1 April 2015: 787,711.698) Mutual Funds Units of JM High Liquidity Fund - Direct Growth Option	-	20.15	30.12
Nil (31 March 2016: 14,145.847; 1 April 2015: Nil) Mutual Funds Units of Principle Cash Management Fund - Direct Plan	-	20.86	-
Nil (31 March 2016: 6,736.282; 1 April 2015: Nil) Mutual Funds Units of HDFC Liquid Fund - Direct Plan Growth Option	-	20.14	-
<b>Total current investments</b>	<b>40.12</b>	<b>111.51</b>	<b>60.23</b>
<b>Total current investments</b>	<b>40.12</b>	<b>111.51</b>	<b>60.23</b>
Aggregate amount of quoted investments and market value thereof	-	-	-
Aggregate amount of unquoted investments	40.12	111.51	60.23
Aggregate amount of impairment in the value of investments	-	-	-

## 6. TRADE RECEIVABLES

	31-Mar-17		31-Mar-16		1-Apr-15	
	Current	Non-current	Current	Non-current	Current	Non-current
(₹ in Million)						
Trade receivables (at amortised cost)						
- Unsecured, considered good	1,507.14	12.55	1,328.94	11.57	1,683.18	10.67
- Doubtful	37.94	-	35.88	-	47.50	-
Less: Allowance for bad and doubtful debts	(37.94)	-	(35.88)	-	(47.50)	-
<b>Total trade receivables</b>	<b>1,507.14</b>	<b>12.55</b>	<b>1,328.94</b>	<b>11.57</b>	<b>1,683.18</b>	<b>10.67</b>

- (i) Refer note 38 for disclosures related to credit risk, impairment of trade receivables under expected credit loss model and related disclosures.
- (ii) Reconciliation of loss allowance provision on trade receivables:

	31-Mar-17	31-Mar-16
(₹ in Million)		
Balance at beginning of the year	35.88	47.50
Additional provisions recognised	15.76	0.75
Amounts used during the year	(3.65)	(4.02)
Unused amounts reversed during the year	(10.05)	(8.35)
Balance at the end of the year	37.94	35.88

- (iii) Current trade receivables include ₹ 39.28 Million (31 March 2016: ₹ 200.65 Million; 1 April 2015: ₹ 169.30 Million) expected to be received after twelve months within the operating cycle.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

## 7. LOANS

	(₹ in Million)					
	31-Mar-17		31-Mar-16		1-Apr-15	
	Current	Non-current	Current	Non-current	Current	Non-current
Loan to employees (at amortised cost)						
- Unsecured, considered good	2.41	0.35	2.06	0.18	2.45	0.30
<b>Total loans</b>	<b>2.41</b>	<b>0.35</b>	<b>2.06</b>	<b>0.18</b>	<b>2.45</b>	<b>0.30</b>

## 8. OTHER FINANCIAL ASSETS

	(₹ in Million)					
	31-Mar-17		31-Mar-16		1-Apr-15	
	Current	Non-current	Current	Non-current	Current	Non-current
<b>At amortised cost</b>						
Security deposits	1.41	5.17	1.13	3.28	1.02	2.59
Earnest money deposits	2.38	-	2.25	-	1.89	-
Fixed/margin deposits with bank (original maturity more than one year)	-	-	-	-	-	0.10
Interest accrued on bank deposits	-	-	-	-	-	0.03
Amount recoverable from banks (related to hedging transactions)	0.68	-	14.12	-	0.12	-
Others	-	0.23	0.88	0.23	-	0.23
<b>Total other financial assets at amortised cost [A]</b>	<b>4.47</b>	<b>5.40</b>	<b>18.38</b>	<b>3.51</b>	<b>3.03</b>	<b>2.95</b>
<b>At fair value through P&amp;L</b>						
Derivatives financial instruments carried at fair value						
- Foreign-exchange forward contracts	48.93	-	49.62	-	54.96	-
<b>Total other financial assets at fair value through P&amp;L [B]</b>	<b>48.93</b>	<b>-</b>	<b>49.62</b>	<b>-</b>	<b>54.96</b>	<b>-</b>
<b>Total other financial assets ([A]+[B])</b>	<b>53.40</b>	<b>5.40</b>	<b>68.00</b>	<b>3.51</b>	<b>57.99</b>	<b>2.95</b>

## 9. OTHER ASSETS

	(₹ in Million)					
	31-Mar-17		31-Mar-16		1-Apr-15	
	Current	Non-current	Current	Non-current	Current	Non-current
Capital advances	-	50.48	-	54.61	-	1.78
Advances to suppliers	95.21	-	108.02	0.50	120.17	-
Indirect tax and duties recoverable	198.05	138.82	200.21	93.31	155.67	87.54
Prepaid expenses	17.51	1.32	18.19	1.73	19.72	1.73
Due from customers (Turbine extended scope turnkey project revenue adjustment)	26.44	-	85.61	-	93.80	-
Export incentives receivable	58.16	-	86.67	-	37.77	-
Others	0.47	-	0.01	-	0.01	-
<b>Total other assets</b>	<b>395.84</b>	<b>190.62</b>	<b>498.71</b>	<b>150.15</b>	<b>427.14</b>	<b>91.05</b>



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

(i) Contract assets

	31-Mar-17	31-Mar-16	(₹ in Million) 1-Apr-15
<b>Contracts in Progress at the end of reporting period</b>			
Construction costs incurred plus profits recognised less losses recognised	1,939.71	1,697.21	1,535.65
Less: Progress Billings	(1,992.43)	(1,709.19)	(1,441.85)
	<b>(52.72)</b>	<b>(11.98)</b>	<b>93.80</b>
<b>Recognised and included in consolidated financial statements as amounts due</b>			
(i) Amounts due from customers under construction contracts	26.44	85.61	93.80
(ii) Amounts due to customers under construction contracts	(79.16)	(97.59)	-
	<b>(52.72)</b>	<b>(11.98)</b>	<b>93.80</b>
Retentions held by customers	177.30	200.65	169.30
Advances received from customers	3.47	12.23	21.66

## 10. INVENTORIES

	31-Mar-17	31-Mar-16	(₹ in Million) 1-Apr-15
Raw materials & components (includes stock in transit ₹ 15.50 Million (31 March 2016: ₹ 17.44 Million; 1 April 2015: ₹ 3.11 Million))	646.06	685.63	554.89
Less: Allowance for non moving inventories	(5.08)	-	-
Work-in-progress	752.38	719.49	462.65
Less: Allowance for non moving inventories	(14.49)	-	-
Finished goods (includes stock in transit ₹ 16.61 Million (31 March 2016: ₹ 12.14 Million; 1 April 2015: ₹ Nil))	79.74	160.92	155.01
Stores and spares	-	1.42	0.25
Others - Scrap & low value patterns	0.05	0.03	0.03
<b>Total inventories</b>	<b>1,458.66</b>	<b>1,567.49</b>	<b>1,172.83</b>

- (i) The cost of inventories recognised as an expense during the year was ₹ 4,624.77 Million (31 March 2016: ₹ 4,675.27 Million)
- (ii) The mode of valuation of inventories has been stated in note 1 (k).
- (iii) In view of the order-to-dispatch cycle being normally around twelve months, most of the inventories held are expected to be utilized during the next twelve months. However, there may be some exceptions on account of unanticipated cases where the dispatch is held up due to reasons attributable to the customers, slow movement in spares and advance manufacture in anticipation of orders, but these are not expected to be of material amounts.

## 11. CASH AND BANK BALANCES

(a) Cash and cash equivalents

	31-Mar-17	31-Mar-16	(₹ in Million) 1-Apr-15
<b>At amortised cost</b>			
Balances with banks			
- in current accounts	176.80	272.61	44.37
Cheques / drafts on hand	-	15.18	0.00
Cash on hand	0.19	1.75	0.40
<b>Total cash and cash equivalents</b>	<b>176.99</b>	<b>289.54</b>	<b>44.77</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

## (b) Bank balances other than cash and cash equivalents

	31-Mar-17	31-Mar-16	1-Apr-15
(₹ in Million)			
<b>At amortised cost</b>			
Earmarked balances with banks			
- unpaid dividend account	1.08	0.99	0.79
<b>Total bank balances other than cash and cash equivalents</b>	<b>1.08</b>	<b>0.99</b>	<b>0.79</b>

## 12. ASSETS CLASSIFIED AS HELD FOR SALE

	31-Mar-17	31-Mar-16	1-Apr-15
(₹ in Million)			
Plant & equipment	6.05	-	-
<b>Total assets classified as held for sale</b>	<b>6.05</b>	<b>-</b>	<b>-</b>

The Group intends to dispose off certain obsolete machines, the total book value of these machines as at 31 March 2017 is ₹ 6.05 Million. No impairment loss is recognised on re-classification of these machines to "Assets held of sale" as the fair value less cost of sale is higher than the carrying amount, as determined from quotations received from potential buyers.

## 13. SHARE CAPITAL

	31-Mar-17		31-Mar-16		1-Apr-15	
	Number of shares	Amount (₹ in Million)	Number of shares	Amount (₹ in Million)	Number of shares	Amount (₹ in Million)
<b>AUTHORISED</b>						
Equity shares of ₹ 1 each	450,000,000	450.00	450,000,000	450.00	450,000,000	450.00
8% Cumulative Redeemable Preference Shares of ₹ 10 each	5,000,000	50.00	5,000,000	50.00	5,000,000	50.00
		<b>500.00</b>		<b>500.00</b>		<b>500.00</b>
<b>ISSUED, SUBSCRIBED AND FULLY PAID UP</b>						
Equity shares of ₹ 1 each	<b>329,972,150</b>	<b>329.97</b>	<b>329,972,150</b>	<b>329.97</b>	<b>329,972,150</b>	<b>329.97</b>

### (i) Movements in equity share capital

	Number of shares	Amount (₹ in Million)
As at 1 April 2015	329,972,150	329.97
Movement during the year	-	-
<b>As at 31 March 2016</b>	<b>329,972,150</b>	<b>329.97</b>
Movement during the year	-	-
<b>As at 31 March 2017</b>	<b>329,972,150</b>	<b>329.97</b>

### Terms and rights attached to equity shares

The Company has only one class of equity shares with a par value of ₹ 1/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares are entitled to receive the remaining assets of the Company, after meeting all liabilities and distribution of all preferential amounts, in proportion to their shareholding.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

## (ii) Details of shareholders holding more than 5% shares in the company

	31-Mar-17		31-Mar-16		1-Apr-15	
	Number of shares	% holding	Number of shares	% holding	Number of shares	% holding
Triveni Engineering & Industries Limited	72,000,000	21.82	72,000,000	21.82	72,000,000	21.82
Dhruv M. Sawhney	24,924,645	7.55	24,924,645	7.55	24,924,645	7.55
Nalanda India Fund Limited	25,788,000	7.82	25,788,000	7.82	25,788,000	7.82
Subhadra Trade & Finance Limited	873,320,417	26.47	16,307,375	4.94	16,307,375	4.94
Umananda Trade & Finance Limited	-	-	20,580,339	6.24	20,157,589	6.11
Tarnik Investments & Trading Limited	-	-	18,680,527	5.66	18,680,527	5.66

## 14. OTHER EQUITY

	(₹ in Million)		
	31-Mar-17	31-Mar-16	1-Apr-15
Capital redemption reserve	28.00	28.00	28.00
Securities premium	4.69	4.69	4.69
General reserve	839.23	839.23	839.23
Retained earnings	2,835.32	1,791.53	1,334.31
Foreign currency translation reserve	(2.61)	0.60	(0.01)
<b>Total other equity</b>	<b>3,704.63</b>	<b>2,664.05</b>	<b>2,206.22</b>

### (i) Capital redemption reserve

	(₹ in Million)	
	31-Mar-17	31-Mar-16
Opening balance	28.00	28.00
Movement during the year	-	-
<b>Closing balance</b>	<b>28.00</b>	<b>28.00</b>

Capital Redemption Reserve was created consequent to redemption of preference share capital, as required under the provisions of the Companies Act, 1956. This reserve shall be utilised in accordance with the provisions of Companies Act, 2013.

### (ii) Securities premium

	(₹ in Million)	
	31-Mar-17	31-Mar-16
Opening balance	4.69	4.69
Movement during the year	-	-
<b>Closing balance</b>	<b>4.69</b>	<b>4.69</b>

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

### (iii) General reserve

	31-Mar-17	31-Mar-16
Opening balance	839.23	839.23
Movement during the year	-	-
<b>Closing balance</b>	<b>839.23</b>	<b>839.23</b>

(₹ in Million)

It represents amount kept separately by the Company out of its profits for future purposes. It is not earmarked for special purpose.

### (iv) Retained earnings

	31-Mar-17	31-Mar-16
Opening balance	1,791.53	1,334.31
Net profit for the year	1,235.54	1,129.83
Other comprehensive income arising from the remeasurement of defined benefit obligation net of income tax	(13.03)	2.55
Dividends paid	(148.49)	(560.96)
Dividend distribution tax	(30.23)	(114.20)
<b>Closing balance</b>	<b>2,835.32</b>	<b>1,791.53</b>

(₹ in Million)

(a) It represents undistributed profits of the Company which can be distributed by the Company to its equity shareholders in accordance with the requirements of the Companies Act, 2013.

(b) As required under Ind AS compliant Schedule III, the Company has recognised remeasurement of defined benefit plans (net of tax) as part of retained earnings.

(c) Details of dividend distributions made and proposed:

	31-Mar-17	31-Mar-16
<b>Cash dividends on equity shares declared and paid:</b>		
Final dividend for the year ended 31 March 2016: ₹ Nil [31 March 2015: 75% (₹ 0.75 per equity share of ₹ 1/- each)]	-	197.99
Dividend distribution tax on final dividend	-	40.31
First interim dividend for the year ended 31 March 2017: 45% (₹ 0.45 per equity share of ₹ 1/- each) [31 March 2016: 40% (₹ 0.40 per equity share of ₹ 1/- each)]	148.49	131.99
Dividend distribution tax on first interim dividend	30.23	26.87
Second interim dividend for the year ended 31 March 2017: ₹ Nil [31 March 2016: 70% (₹ 0.70 per equity share of ₹ 1/- each)]	-	230.98
Dividend distribution tax on second interim dividend	-	47.02
<b>Total cash dividends on equity shares declared and paid</b>	<b>178.72</b>	<b>675.16</b>
<b>Proposed dividend on equity shares:</b>		
Final proposed dividend for the year ended 31 March 2017: 75% (₹ 0.75 per equity share of ₹ 1/- each) [31 March 2016: ₹ Nil]	247.48	-
Dividend distribution tax on final proposed dividend	50.38	-
<b>Total proposed dividend on equity shares</b>	<b>297.86</b>	-

(₹ in Million)

Proposed dividend on equity shares is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed equity dividend is payable to all holders of fully paid equity shares.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

## (v) Foreign currency translation reserve

	31-Mar-17	31-Mar-16
Opening balance	0.60	(0.01)
Exchange differences arising on translating the foreign operations	(3.21)	0.61
<b>Closing balance</b>	<b>(2.61)</b>	<b>0.60</b>

(₹ in Million)

Exchange differences relating to the translation of the foreign operations are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

## 15. NON-CURRENT BORROWINGS

	31-Mar-17		31-Mar-16		1-Apr-15	
	Current maturities	Non-current	Current maturities	Non-current	Current maturities	Non-current
<b>Secured- at amortised cost</b>						
Term loans						
- from banks	-	-	-	-	0.20	-
- from other parties	1.78	2.38	3.39	4.16	3.13	5.09
	<b>1.78</b>	<b>2.38</b>	<b>3.39</b>	<b>4.16</b>	<b>3.33</b>	<b>5.09</b>
Less: Amount disclosed under the head "Other financial liabilities-current" (refer note 19)	(1.78)	-	(3.39)	-	(3.33)	-
<b>Total non-current borrowings</b>	<b>-</b>	<b>2.38</b>	<b>-</b>	<b>4.16</b>	<b>-</b>	<b>5.09</b>

(₹ in Million)

### Details of long term borrowings of the Group

	Amount outstanding as at			Effective interest rate	Coupon rate	Number of instalments			Terms of Repayment	Nature of Security
	31-Mar-17	31-Mar-16	1-Apr-15			31-Mar-17	31-Mar-16	1-Apr-15		
<b>Secured- at amortised cost</b>										
<b>Term loans from banks (₹ loan)</b>										
Axis Bank (Vehicle loan)	-	-	0.20	Ranging from 9.90% to 10% p.a.	At fixed rates ranging from 9.90% to 10% p.a.	Nil	Nil	8	Equated monthly installments	Secured by hypothecation of vehicles acquired under the respective vehicle loans.
<b>Term loans from other parties (₹ loan)</b>										
Kotak Mahindra Prime Ltd. (Vehicle loan)	4.16	7.55	8.22	Ranging from 9.98% to 11.96% p.a.	At fixed rates ranging from 9.98% to 11.96% p.a.	3 to 40 months	3 to 52 months	15 to 56 months	Equated monthly installments	Secured by hypothecation of vehicles acquired under the respective vehicle loans.
<b>Total non-current borrowings</b>	<b>4.16</b>	<b>7.55</b>	<b>8.42</b>							

(₹ in Million)

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

## 16. PROVISIONS

	(₹ in Million)					
	31-Mar-17		31-Mar-16		1-Apr-15	
	Current	Non-current	Current	Non-current	Current	Non-current
<b>Provision for employee benefits</b>						
Gratuity (refer note 35)	-	32.09	-	6.69	-	8.72
Compensated absences	5.06	24.20	6.82	18.16	4.32	18.36
Employee retention bonus	7.71	5.65	-	-	-	-
<b>Other Provisions</b>						
Warranty	42.51	16.36	20.74	21.59	14.48	17.26
Cost to completion	-	-	20.66	-	62.43	-
Liquidated damages	14.70	-	29.36	-	38.66	-
Provision for corporate social responsibility	0.14	-	-	-	4.80	-
<b>Total provisions</b>	<b>70.12</b>	<b>78.30</b>	<b>77.58</b>	<b>46.44</b>	<b>124.69</b>	<b>44.34</b>

### (i) Information about individual provisions and significant estimates

#### (a) Compensated absences

Compensated absences comprises earned leaves and sick leaves, the liabilities of which are not expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. They are therefore measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period.

#### (b) Employee retention bonus

The Company, as a part of retention policy, pays retention bonus to certain employees after completion of specified period of service. The timing of the outflows is expected to be within a period of five years. They are therefore measured at the present value of expected future payments, at the end of each annual reporting period in accordance with management best estimates.

#### (c) Warranty

The Company, in the usual course of sale of its products, provides warranties on certain products and services, undertaking to repair or replace the items that fail to perform satisfactorily during the specified warranty period. Provisions made represent the amount of expected cost of meeting such obligations of rectifications / replacements based on best estimate considering the historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts. The timing of the outflows is expected to be within the period of two years.

#### (d) Cost to completion

The provision represents cost of material and services required to be incurred at project site in respect of goods supplied for which full revenue has been recognised.

#### (e) Liquidated damages

Represents the provision on account of contractual obligation towards customers in respect of certain products for matters relating to delivery and performance. The provision represents the amount estimated to meet the cost of such obligations based on best estimate considering the historical liquidated damages claim information and any recent trends that may suggest future claims could differ from historical amounts. The timing of the outflows is expected to be within one year.



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

## (f) Corporate social responsibility

Represents provision made for amounts payable under an agreement for CSR activities of the Company. The timing of outflow is expected to be within one year.

## (ii) Movement in other provisions

Movement in each class of other provisions during the financial year, are set out below:

	(₹ in Million)			
	Warranty	Cost of completion	Liquidated damages	Corporate social responsibility
Balance as at 1 April 2015	31.74	62.43	38.66	4.80
Additional provisions recognised	35.71	-	29.11	-
Amounts used during the year	(14.54)	(37.39)	(0.09)	(4.80)
Unused amounts reversed during the year	(10.58)	(4.38)	(38.32)	-
<b>Balance as at 31 March 2016</b>	<b>42.33</b>	<b>20.66</b>	<b>29.36</b>	<b>-</b>
Additional provisions recognised	48.77	-	7.08	0.14
Amounts used during the year	(10.35)	(1.61)	(6.96)	-
Unused amounts reversed during the year	(21.88)	(19.05)	(14.78)	-
<b>Balance as at 31 March 2017</b>	<b>58.87</b>	<b>-</b>	<b>14.70</b>	<b>0.14</b>

## 17. CURRENT BORROWINGS

	(₹ in Million)		
	31-Mar-17	31-Mar-16	1-Apr-15
<b>Secured- at amortised cost</b>			
Repayable on demand			
- Cash credits from banks	-	-	6.60
<b>Total current borrowings</b>	<b>-</b>	<b>-</b>	<b>6.60</b>

- (i) Cash credit from banks is secured by hypothecation of entire current assets inclusive of stock-in-trade, raw materials, stores & spares, work-in-progress and trade receivables and a second charge created / to be created on fixed assets block both present and future on a pari-passu basis. Interest rates ranges from 9.55% to 11.35% per annum.
- (ii) In respect of working capital facilities sanctioned by a bank to the joint venture company, M/s GE Triveni Ltd (GETL), the Company has given an undertaking not to dispose of its investments in the equity shares of GETL aggregating to ₹ 80.00 Million (31 March 2016: ₹ 80.00 Million; 1 April 2015: ₹ 80.00 Million) during the tenure of the facilities.

## 18. TRADE PAYABLES

	(₹ in Million)		
	31-Mar-17	31-Mar-16	1-Apr-15
Trade payables (at amortised cost)			
- Total outstanding dues of micro enterprises and small enterprises (refer note 45)	90.49	68.65	90.47
- Total outstanding dues of creditors other than micro enterprises and small enterprises	853.25	830.89	1,041.80
<b>Total trade payables</b>	<b>943.74</b>	<b>899.54</b>	<b>1,132.27</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

### 19. OTHER FINANCIAL LIABILITIES

	31-Mar-17	31-Mar-16	1-Apr-15
	(₹ in Million)		
<b>At amortised cost</b>			
Current maturities of long-term borrowings (refer note 15)	1.78	3.39	3.33
Interest accrued	0.04	0.06	0.07
Capital creditors	113.37	17.68	4.08
Employee benefits & other dues payable	25.23	55.39	19.21
Security deposits	-	0.02	0.02
Unpaid dividends (see (i) below)	1.07	0.98	0.79
Others	0.10	-	-
<b>Total other financial liabilities</b>	<b>141.59</b>	<b>77.52</b>	<b>27.50</b>

(i) There are no amounts as at the end of the year which are due and outstanding to be credited to the Investors Education and Protection Fund.

### 20. OTHER CURRENT LIABILITIES

	31-Mar-17	31-Mar-16	1-Apr-15
	(₹ in Million)		
Advance from customers	809.60	1,378.03	1,009.03
Deferred income	39.27	7.27	-
Amount due to customers (Turbine extended scope turnkey project revenue adjustment) (refer note 9)	79.16	97.59	-
Statutory remittances	36.26	44.12	41.56
Others	-	0.29	0.27
<b>Total other current liabilities</b>	<b>964.29</b>	<b>1,527.30</b>	<b>1,050.86</b>

### 21. INCOME TAX BALANCES

	31-Mar-17		31-Mar-16		1-Apr-15	
	Current	Non-current	Current	Non-current	Current	Non-current
<b>Income tax assets</b>						
Tax refund receivable (net)	-	12.68	-	12.68	-	12.68
	-	<b>12.68</b>	-	<b>12.68</b>	-	<b>12.68</b>
<b>Income tax liabilities</b>						
Provision for income tax (net)	72.99	-	55.62	-	24.83	-
	<b>72.99</b>	-	<b>55.62</b>	-	<b>24.83</b>	-

### 22. DEFERRED TAX BALANCES

	31-Mar-17	31-Mar-16	1-Apr-15
	(₹ in Million)		
Deferred tax assets	51.66	39.50	50.23
Deferred tax liabilities	(160.47)	(135.72)	(128.55)
<b>Net deferred tax assets/(liabilities)</b>	<b>(108.81)</b>	<b>(96.22)</b>	<b>(78.32)</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

## (i) Movement in deferred tax balances

For the year ended 31 March 2017

	(₹ in Million)			
	Opening balance	Recognised in profit or loss	Recognised in OCI	Closing balance
<b>Tax effect of items constituting deferred tax assets/ (liabilities)</b>				
Liabilities and provisions tax deductible only upon payment/actual crystallisation				
- Employee benefits	9.99	2.44	6.90	19.33
- Statutory taxes and duties	5.83	(5.31)	-	0.52
- Other contractual provisions	11.26	0.65	-	11.91
Impairment provisions on financial/other assets made in books, but tax deductible only on actual write-off	12.42	7.48	-	19.90
Fair valuation of financial assets	(15.48)	(7.38)	-	(22.86)
Difference in carrying values of property, plant & equipment and intangible assets	(120.23)	(17.37)	-	(137.60)
Other temporary differences	(0.01)	-	-	(0.01)
<b>Net deferred tax assets/(liabilities)</b>	<b>(96.22)</b>	<b>(19.49)</b>	<b>6.90</b>	<b>(108.81)</b>

For the year ended 31 March 2016

	(₹ in Million)			
	Opening balance	Recognised in profit or loss	Recognised in OCI	Closing balance
<b>Tax effect of items constituting deferred tax assets/ (liabilities)</b>				
Liabilities and provisions tax deductible only upon payment/actual crystallisation				
- Employee benefits	11.69	(0.35)	(1.35)	9.99
- Statutory taxes and duties	-	5.83	-	5.83
- Other contractual provisions	10.80	0.46	-	11.26
Impairment provisions on financial/other assets made in books, but tax deductible only on actual write-off	16.44	(4.02)	-	12.42
Fair valuation of financial assets	9.52	(25.00)	-	(15.48)
Difference in carrying values of property, plant & equipment and intangible assets	(128.55)	8.32	-	(120.23)
Other temporary differences	1.78	(1.79)	-	(0.01)
<b>Net deferred tax assets/(liabilities)</b>	<b>(78.32)</b>	<b>(16.55)</b>	<b>(1.35)</b>	<b>(96.22)</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

### 23. REVENUE FROM OPERATIONS

	31-Mar-17	(₹ in Million) 31-Mar-16
<b>Sale of products (including excise duty)</b>		
Finished goods		
- Turbines (including related equipment and supplies)	4,924.38	5,122.68
- Spares	1,660.83	1,402.12
<b>Sale of Services</b>		
Servicing, operation and maintenance	649.58	564.17
Erection and commissioning	92.88	56.49
<b>Turbine extended scope turnkey project</b>	242.50	161.56
<b>Other operating revenue</b>		
Sale of scrap	3.07	4.53
Selling commission	-	0.01
Royalty	-	4.03
Export incentives	82.46	79.61
<b>Total revenue from operations</b>	<b>7,655.70</b>	<b>7,395.20</b>

### 24. OTHER INCOME

	31-Mar-17	(₹ in Million) 31-Mar-16
<b>Interest income</b>		
Interest income from bank deposits	0.02	0.01
Interest income from customers	0.39	1.03
Interest income from financial assets at amortised cost	0.98	0.89
	<b>1.39</b>	<b>1.93</b>
<b>Other non-operating income (net of expenses directly attributable to such income)</b>		
Rental income	7.14	6.83
Miscellaneous income	4.35	4.08
	<b>11.49</b>	<b>10.91</b>
<b>Other gains/ (losses)</b>		
Net profit on sale/redemption of current investments	22.51	18.18
Net fair value gains/(losses) on current investments	(0.68)	0.58
Net gains/(losses) on derivatives (including fair value changes)	184.89	117.91
Net foreign exchange rate fluctuation gains/(losses)	21.48	44.98
Credit balances written back	22.06	4.28
Excess provision for cost to completion reversed (net) (refer note 16)	19.05	4.38
Excess provision for liquidated damages reversed (net) (refer note 16)	7.70	9.21
	<b>277.01</b>	<b>199.52</b>
<b>Total other income</b>	<b>289.89</b>	<b>212.36</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

## 25. COST OF MATERIALS CONSUMED

	31-Mar-17	31-Mar-16
Stock at the beginning of the year	685.63	554.89
Add: Purchases	3,825.82	4,397.46
Less: Stock at the end of the year	(646.06)	(685.63)
<b>Total cost of materials consumed</b>	<b>3,865.39</b>	<b>4,266.72</b>

(₹ in Million)

## 26. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

	31-Mar-17	31-Mar-16
<b>Inventories at the beginning of the year:</b>		
Work-in progress	719.49	462.65
Finished goods	160.92	155.01
<b>Total inventories at the beginning of the year</b>	<b>880.41</b>	<b>617.66</b>
<b>Inventories at the end of the year:</b>		
Work-in progress	752.38	719.49
Finished goods	79.74	160.92
<b>Total inventories at the end of the year</b>	<b>832.12</b>	<b>880.41</b>
Add/(Less): Impact of excise duty on finished goods	(15.26)	8.50
<b>Total changes in inventories of finished goods and work-in-progress</b>	<b>33.03</b>	<b>(254.25)</b>

(₹ in Million)

## 27. EMPLOYEE BENEFIT EXPENSE

	31-Mar-17	31-Mar-16
Salaries and wages	738.80	617.98
Contribution to provident and other funds (refer note 35)	51.07	44.93
Staff welfare expenses	28.92	26.60
	<b>818.79</b>	<b>689.51</b>
Less : Amount capitalised	<b>(9.55)</b>	<b>(7.61)</b>
<b>Total employee benefit expense</b>	<b>809.24</b>	<b>681.90</b>

(₹ in Million)

## 28. FINANCE COSTS

	31-Mar-17	31-Mar-16
Interest costs		
- Interest on borrowings	0.61	0.93
- Other interest expense	1.14	2.07
Other borrowing costs		
- Processing/Renewal fees	1.57	0.43
<b>Total finance costs</b>	<b>3.32</b>	<b>3.43</b>

(₹ in Million)

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

## 29. DEPRECIATION AND AMORTISATION EXPENSE

	31-Mar-17	31-Mar-16
Depreciation of property, plant and equipment (refer note 3)	125.37	132.75
Less : Amount capitalised	(0.24)	(0.30)
	<b>125.13</b>	<b>132.45</b>
Amortisation of intangible assets (refer note 4)	22.85	20.22
<b>Total depreciation and amortisation expense</b>	<b>147.98</b>	<b>152.67</b>

(₹ in Million)

## 30. IMPAIRMENT LOSS ON FINANCIAL ASSETS (INCLUDING REVERSALS OF IMPAIRMENT LOSSES)

	31-Mar-17	31-Mar-16
Bad debts written off - trade receivables and other financial assets carried at amortised cost	4.47	4.59
Impairment loss allowance on trade receivables (net of reversals) (refer note 6)	2.06	(11.62)
<b>Total impairment loss on financial assets (including reversals of impairment losses)</b>	<b>6.53</b>	<b>(7.03)</b>

(₹ in Million)

## 31. OTHER EXPENSES

	31-Mar-17	31-Mar-16
Stores, spares and tools consumed	107.31	164.10
Power and fuel	22.25	23.62
Design and engineering charges	4.40	6.27
Erection and commissioning expenses	82.73	16.20
Repairs and maintenance		
- Machinery	23.60	6.15
- Building	4.16	6.96
- Others	14.33	12.54
Travelling and conveyance	173.04	129.99
Rent and hire charges	10.29	6.63
Rates and taxes	8.90	4.74
Insurance	6.81	5.26
Directors' fee	2.38	3.11
Directors' commission	6.40	6.40
Certification & consultation	60.09	37.41
Group shared service cost	43.93	39.05
Bank charges and guarantee commission	14.28	18.26
Amount written off of non financial assets	3.51	1.97
Warranty expenses [includes provision for warranty (net) ₹ 26.89 Million (31 March 2016: ₹ 25.13 Million) (refer note 16)]	35.15	33.12
Payment to Auditors (see (i) below)	4.80	2.33
Corporate Social Responsibility expenses (see (ii) below)	25.96	26.43
Obsolete inventory written off	-	6.55
Allowance for non moving inventories	19.57	-
Loss on sale / write off / impairment of property, plant and equipment	2.30	0.65
Packing and forwarding expenses	24.39	45.91
Freight outward	145.78	93.71
Selling commission	70.50	46.74
Miscellaneous expenses	154.75	123.12
Less : Amount capitalised	(3.63)	(3.24)
<b>Total other expenses</b>	<b>1,067.98</b>	<b>863.98</b>

(₹ in Million)



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

## (i) Detail of payment to auditors

(₹ in Million)

	Statutory Auditors*		Branch Auditors		Cost Auditors	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
Audit fee	2.54	1.01	-	-	0.08	0.08
Tax audit fee	0.33	0.31	-	-	-	-
Limited review fee	0.51	0.36	-	-	-	-
Certification charges	0.60	0.12	-	-	-	-
Reimbursement of expenses	0.52	0.22	-	0.12	-	-
<b>Total payment to auditors</b>	<b>4.50</b>	<b>2.02</b>	<b>-</b>	<b>0.12</b>	<b>0.08</b>	<b>0.08</b>

\*Excluding service tax of ₹ 0.22 Million (31 March 2016: ₹ 0.11 Million) charged to statement of profit and loss.

## (ii) Details of CSR expenses

(₹ in Million)

	31-Mar-17	31-Mar-16
<b>a) Gross amount required to be spent during the year#</b>	25.95	26.42
<b>b) Amount spent during the year</b>	<b>25.96</b>	<b>26.43</b>
In cash		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	25.82	26.43
Yet to be paid in cash		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	0.14	-

#Amounts computed is based upon profits as per previous GAAP.

## 32. INCOME TAX EXPENSE

### (i) Income tax recognised in profit & loss

(₹ in Million)

	31-Mar-17	31-Mar-16
<b>Current tax</b>		
In respect of the current year	590.33	517.87
In respect of the prior years	0.62	5.99
<b>Total current tax expense</b>	<b>590.95</b>	<b>523.86</b>
<b>Deferred tax</b>		
In respect of current year origination and reversal of temporary differences	16.78	22.77
In respect of prior years	2.72	(6.22)
<b>Total deferred tax expense</b>	<b>19.50</b>	<b>16.55</b>
<b>Total income tax expense recognised in profit &amp; loss</b>	<b>610.45</b>	<b>540.41</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

### Reconciliation of income tax expense and the accounting profit multiplied by Company's tax rate:

	31-Mar-17	(₹ in Million) 31-Mar-16
Profit before tax from continuing operations	1,845.99	1,670.24
Income tax expense calculated @ 34.608%	638.86	578.04
Effect of expenses that are non-deductible in determining taxable profit	15.70	10.87
Effect of tax incentives and concessions (research & development and other allowances)	(25.97)	(34.85)
Effect of tax upon setting off of brought forward tax losses for which deferred tax assets were not recognised earlier	-	(0.52)
Effect of tax on share of net profit of joint venture	(15.06)	(12.48)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(6.35)	(0.47)
Others	(0.07)	0.05
	<b>607.11</b>	<b>540.64</b>
Adjustments recognised in the current year in relation to the current tax of prior years	0.62	5.99
Adjustments recognised in the current year in relation to the deferred tax of prior years	2.72	(6.22)
<b>Total income tax expense</b>	<b>610.45</b>	<b>540.41</b>

### (ii) Income tax recognised in other comprehensive income

	31-Mar-17	(₹ in Million) 31-Mar-16
<b>Deferred tax related to items recognised in other comprehensive income during the year:</b>		
Remeasurement of defined benefit obligations	(6.90)	1.35
<b>Total income tax expense recognised in other comprehensive income</b>	<b>(6.90)</b>	<b>1.35</b>
<b>Bifurcation of the income tax recognised in other comprehensive income into:</b>		
Items that will not be reclassified to profit & loss	(6.90)	1.35
Items that may be reclassified to profit & loss	-	-
<b>Total income tax expense recognised in other comprehensive income</b>	<b>(6.90)</b>	<b>1.35</b>

### 33. EARNINGS PER SHARE

	31-Mar-17	(₹ in Million) 31-Mar-16
Profit for the year attributable to owners of Triveni Turbine Limited [A]	1,235.54	1,129.83
Weighted average number of equity shares for the purposes of basic EPS/ diluted EPS [B]	329,972,150	329,972,150
Basic earnings per share (face value of ₹ 1 per share) [A/B]	3.74	3.42
Diluted earnings per share (face value of ₹ 1 per share) [A/B]	3.74	3.42

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

## 34. SEGMENT INFORMATION

The Group primarily operates in one business segment- Power generating equipment and solutions.

The Group's non-current assets are located in/relates to India (country of domicile of the Company) except following:

- (i) PPE of foreign subsidiaries having net carrying value of ₹ 0.36 Million as at 31 March 2017 (31 March 2016: ₹ Nil; 1 April 2015: ₹ Nil).
- (ii) Capital advances in foreign currency of ₹ 40.34 Million as at 31 March 2017 (31 March 2016: ₹ Nil; 1 April 2015: ₹ Nil)

The amount of Group's revenue from external customers based on geographical area and nature of the products/ services are shown below:

### Revenue by geographical area

	31-Mar-17	31-Mar-16
India	3,742.79	4,805.78
Rest of the world	3,827.38	2,501.24
<b>Total</b>	<b>7,570.17</b>	<b>7,307.02</b>

(₹ in Million)

### Revenue by nature of products / services (refer note 23)

	31-Mar-17	31-Mar-16
<b>Sale of products (including excise duty)</b>		
Finished goods		
- Turbines (including related equipment and supplies)	4,924.38	5,122.68
- Spares	1,660.83	1,402.12
<b>Sale of Services</b>		
Servicing, operation and maintenance	649.58	564.17
Erection and commissioning	92.88	56.49
<b>Turbine extended scope turnkey project</b>	<b>242.50</b>	<b>161.56</b>
<b>Total</b>	<b>7,570.17</b>	<b>7,307.02</b>

(₹ in Million)

There is no single customer who has contributed 10% or more to the Groups revenue for both the years ended 31 March 2017 and 31 March 2016.

## 35. EMPLOYEE BENEFIT PLANS

### (i) Defined contribution plans

- (a) The Group operates defined contribution retirement benefit plans under which the Group pays fixed contributions to separate entities (funds) or financial institutions or state managed benefit schemes. The Group has no further payment obligations once the contributions have been paid. Following are the schemes covered under defined contributions plans of the Group:

**Provident Fund Plan & Employee Pension Scheme:** The Group makes monthly contributions at prescribed rates towards Employee Provident Fund/ Employee Pension Scheme to fund administered and managed by the Government of India.

**Employee State Insurance:** The Group makes prescribed monthly contributions towards Employees State Insurance Scheme.

**Superannuation Scheme:** The Group contributes towards a fund established to provide superannuation benefit to certain employees in terms of Group Superannuation Policies entered into by such fund with the Life Insurance Corporation of India.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

Other defined contribution plans: The Group makes contributions to certain schemes for the benefit of employees in United Kingdom and Indonesia which are administered and managed by respective government authorities.

(b) The expense recognised during the period towards defined contribution plans are as follows:

	31-Mar-17	(₹ in Million) 31-Mar-16
Group's contribution to provident fund	28.12	24.87
Administrative charges on above	2.02	1.74
Group's contribution to employee state insurance	0.61	0.59
Group's contribution to superannuation scheme	7.24	7.22
Group's contribution to other defined contribution plans	0.67	1.21

Out of above expense towards defined contributions plans, ₹ 0.37 Million (31 March 2016: ₹ 0.32 Million) is capitalised.

### (ii) Defined benefit plans

(a) The Group provides for gratuity obligations through a defined benefit retirement plan (the 'Gratuity Plan') covering all employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement/termination of employment or death of an employee, based on the respective employees' salary and years of employment with the Company. In respect of certain employees of the foreign subsidiaries, the gratuity benefit is accrued on the basis of their current salary and length of service as per the extant rules of the particular jurisdiction where such subsidiaries operate. The gratuity plan in respect of the employees of such foreign subsidiaries is unfunded. The disclosures mentioned herein below do not include the gratuity obligation of ₹ 4.17 Million as at 31 March 2017 (31 March 2016: ₹ 2.11 Million; 1 April 2015: ₹ Nil) and gratuity expenses of ₹ 2.20 Million for the year ended 31 March 2017 (31 March 2016: ₹ 2.04 Million) which pertains to employees of such foreign subsidiaries.

### (b) Risk exposure

These plans typically expose the Group to a number of actuarial risks, the most significant of which are detailed below:

**Investment risk:** The plan liabilities are calculated using a discount rate set with references to government bond yields as at end of reporting period; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit. The investments in plan assets are made in accordance with pattern of investment prescribed by central government and ensures that the funds are invested in a balanced mix of investments comprising central government securities, state government securities, other debt instruments as well as equity instruments. Most of the plan investments is in fixed income securities with high grades and in government securities. The Group has a risk management strategy which defines exposure limits and acceptable credit risk rating.

**Interest risk:** A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plan's debt instruments.

**Life expectancy:** The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during their employment. An change in the life expectancy of the plan participants will impact the plan's liability.

**Salary risk:** The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

**Attrition rate:** The present value of the defined benefit plan liability is impacted by the rate of employee turnover, disability and early retirement of plan participants. A change in the attrition rate of the plan participants will impact the plan's liability.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

- (c) The significant actuarial assumptions used for the purposes of the actuarial valuation of gratuity were as follows:

	Valuation as at		
	31-Mar-17	31-Mar-16	1-Apr-15
Discounting rate	7.33%	8.00%	8.00%
Future salary growth rate	8.00%	7.00%	7.50%
Life expectancy/ Mortality rate	*	*	*
	- Below 31 years - 7.00% - 31-44 years - 4.00%	- Below 31 years - 7.00% - 31-44 years - 5.00%	- Below 31 years - 8.50% - 31-44 years - 6.00%
Attrition rate	- Above 44 years - 5.00%	- Above 44 years - 4.00%	- Above 44 years - 3.00%
Method used	Projected unit credit method	Projected unit credit method	Projected unit credit method

\* Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics (i.e. IALM 2006-08 Ultimate). These assumptions translate into an average life expectancy in years at retirement age.

- (d) In addition to the expense related to employees of foreign subsidiaries as mentioned in (ii) (a) above, amounts recognised in statement of profit & loss in respect of defined benefit plan (Gratuity Plan) are as follows :

	(₹ in Million)	
	31-Mar-17	31-Mar-16
Current service cost	10.12	7.20
Net interest expense	0.09	0.06
<b>Components of defined benefit costs recognised in profit or loss</b>	<b>10.21</b>	<b>7.26</b>
Remeasurement on the net defined benefit liability		
- Return on plan assets (excluding amount included in net interest expense)	(0.79)	(0.28)
- Actuarial (gain)/ loss arising form changes in financial assumptions	16.81	(4.34)
- Actuarial (gain) / loss arising form changes in demographic assumptions	0.02	(0.05)
- Actuarial (gain) / loss arising form experience adjustments	3.90	0.78
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>19.94</b>	<b>(3.89)</b>
<b>Total</b>	<b>30.15</b>	<b>3.37</b>

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the statement of profit & loss. The remeasurement of the net defined benefit liability is included in other comprehensive income.

- (e) In addition to the obligation related to employees of foreign subsidiaries as mentioned in (ii) (a) above, amounts included in the balance sheet arising from the Group's obligation in respect of its defined benefit plan (Gratuity Plan) is as follows:

	(₹ in Million)		
	31-Mar-17	31-Mar-16	1-Apr-15
Present value of defined benefit obligation as at the end of the year	107.95	78.41	76.51
Fair value of plan assets	80.03	73.83	67.79
<b>Funded status</b>	<b>(27.92)</b>	<b>(4.58)</b>	<b>(8.72)</b>
<b>Net asset/(liability) arising from defined benefit obligation recognised in the balance sheet</b>	<b>(27.92)</b>	<b>(4.58)</b>	<b>(8.72)</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

- (f) Movement in the present value of the defined benefit obligation (Gratuity Plan obligation), in respect of Group's employees other than employees of foreign subsidiaries as mentioned in (ii) (a) above, are as follows:

	31-Mar-17	31-Mar-16
Present value of defined benefit obligation at the beginning of the year	78.41	76.51
Expenses recognised in profit and loss account		
- Current Service Cost	10.13	7.20
- Interest Expense (Income)	5.50	5.82
Remeasurement gains / (losses) recognised in other comprehensive income		
- Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	0.02	(0.05)
ii. Financial Assumptions	16.81	(4.34)
iii. Experience Adjustments	3.90	0.78
Benefit payments	(6.81)	(7.51)
<b>Present value of defined benefit obligation at the end of the year</b>	<b>107.95</b>	<b>78.41</b>

(₹ in Million)

- (g) Movement in the fair value of plan assets are as follows:

	31-Mar-17	31-Mar-16
Fair value of plan assets at the beginning of the year	73.83	67.79
Expenses recognised in profit and loss account		
- Expected return on plan assets	5.41	5.76
Remeasurement gains / (losses) recognised in other comprehensive income		
- Actual Return on plan assets in excess of the expected return	0.79	0.28
Contributions by employer	6.81	7.51
Benefit payments	(6.81)	(7.51)
<b>Fair value of plan assets at the end of the year</b>	<b>80.03</b>	<b>73.83</b>

(₹ in Million)

The fair value of the plan assets at the end of the reporting period for each category, are as follows:

	31-Mar-17			31-Mar-16			1-Apr-15		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Cash and cash equivalents	-	0.53	0.53	-	0.49	0.49	-	0.46	0.46
Group Gratuity Plans with Insurance Companies	-	79.50	79.50	-	73.33	73.33	-	67.32	67.32
Other recoverables	-	-	-	-	0.01	0.01	-	0.01	0.01
<b>Total plan assets</b>	<b>-</b>	<b>80.03</b>	<b>80.03</b>	<b>-</b>	<b>73.83</b>	<b>73.83</b>	<b>-</b>	<b>67.79</b>	<b>67.79</b>

(₹ in Million)

The Plan assets comprise principally Group Gratuity Plans offered by the life insurance companies. Majority of the funds invested are under the traditional platform where the insurance companies declare a return at the end of each year based upon its performance. Certain investments are also made in funds (growth plans) managed by the life insurance companies under which the returns are based upon the accretion to the net asset value (NAV) of the particular fund, which are declared on a daily basis. The NAV based funds of the insurance companies are approved and regulated by the Insurance Regulatory and Development Authority of India and the investment risk is mitigated by investment in funds where the asset allocation is primarily in sovereign and debt securities. There has been no change in the process used by the Group to manage its risks from prior periods.

- (h) **Sensitivity analysis**

The sensitivity of the defined benefit obligation, in respect of Group's employees other than employees of foreign subsidiaries as mentioned in (ii) (a) above, to changes in the weighted principal assumptions is:



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	Change in assumption by	Increase/decrease	Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
			31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
Discounting rate	0.5%	₹ in Million in %	(7.30) -6.77%	(3.95) -5.04%	7.59 7.03%	4.04 5.15%
Future salary growth rate	0.5%	₹ in Million in %	4.45 4.12%	3.58 4.56%	(4.57) -4.24%	(3.43) -4.38%
Mortality rate	10%	₹ in Million in %	(0.59) -0.54%	0.56 0.71%	0.59 0.54%	(0.52) -0.66%
Attrition rate	0.5%	₹ in Million in %	(1.15) -1.07%	0.73 0.93%	1.14 1.06%	(0.69) -0.88%

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practise, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to prior period.

(i) **Defined benefit liability and employer contributions**

The Group shall strive to bridge the deficit in defined benefit gratuity plan in the next year.

The Group expects to contribute ₹ 37.50 Million to the defined benefit plan during the year ending 31 March 2018.

The weighted average duration of the defined obligation as at 31 March 2017 is 13.1 years.

The expected maturity analysis of undiscounted defined benefit obligation as at 31 March 2017 is as follows:

	(₹ in Million)				
	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Defined benefit obligation (Gratuity)	11.39	7.01	20.64	266.31	305.35

## 36. RELATED PARTY TRANSACTIONS

(i) **Related parties where control exists**

- (a) Mr. D.M. Sawhney, Chairman & Managing Director of the Company (Key Management Personnel)

(ii) **Related parties with whom transactions have taken place during the year :**

(a) **Investing company holding substantial interest**

Triveni Engineering & Industries Limited (TEIL)

(b) **Joint Venture**

GE Triveni Limited (GETL)

(c) **Key Management Personnel (KMP)**

Mr. D.M. Sawhney, Chairman & Managing Director of the Company (DMS)

Mr. Nikhil Sawhney, Vice Chairman and Managing Director of the Company (NS)

Mr. Arun Mote, Executive Director of the Company (AM)

Mr. Deepak Kumar Sen, Executive Vice President & CFO of the Company (DKS)

Mr. Tarun Sawhney, Promoter Non Executive Director of the Company (TS)

Lt. General Kanwal Kishan Hazari (Retired), Independent Non Executive Director of the Company (KKH)

Mr. Amal Ganguli, Independent Non Executive Director of the Company (AG)

Mrs. Vasantha Bharucha, Independent Non Executive Director of the Company (VB)

Mr. Shekhar Datta, Independent Non Executive Director of the Company (SD)

(d) **Parties in which key management personnel or their relatives have significant influence**

Subhadra Trade & Finance Limited (STFL)

Tirath Ram Shah Charitable Trust (TRST)

(e) **Post employment benefit plans**

Triveni Turbine Limited Officers Pension Scheme (TTLOPS)

Triveni Turbine Limited Employees Gratuity Trust (TTLEGT)

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## (iii) Details of transactions between the Company and related parties during the year and outstanding balances as on 31 March 2017:

Nature of transactions with Related Parties	Financial year	Investing company holding substantial interest	Joint Venture	KMP											Parties in which KMP or their relatives have significant influence	Post employment benefit plans	Total				
				TEIL	GETL	DIMS	NS	AM	DKS	TS	KKH	AG	VB	SD				STFL	TRSCCT	TTLOPS	TTLEGT
<b>Nature of transactions with Related Parties</b>																					
Sales and rendering of services	31-Mar-17	107.97	26.94	-	-	-	-	-	-	-	-	-	-	-	-	-	-	134.91			
	31-Mar-16	127.73	579.98	-	-	-	-	-	-	-	-	-	-	-	-	-	-	707.71			
Purchases and receiving services	31-Mar-17	322.94	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	322.94			
	31-Mar-16	376.61	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	376.61			
Rent & other changes income	31-Mar-17	-	8.21	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8.21			
	31-Mar-16	-	7.78	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7.78			
Royalty Income	31-Mar-17	-	4.60	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.60			
	31-Mar-16	-	0.01	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01			
Selling commission Income	31-Mar-17	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Rent expenditure	31-Mar-17	1.60	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.60			
	31-Mar-16	2.12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.12			
Remuneration expenditure	31-Mar-17	-	-	38.20	30.20	20.77	5.23	-	-	-	-	-	-	-	-	-	-	94.40			
	31-Mar-16	-	-	31.76	30.80	21.85	3.90	-	-	-	-	-	-	-	-	-	-	88.31			
Directors fee expenditure	31-Mar-17	-	-	-	-	-	-	-	0.44	0.62	0.45	0.47	0.40	-	-	-	-	2.38			
	31-Mar-16	-	-	-	-	-	-	-	0.41	0.77	0.75	0.78	0.40	-	-	-	-	3.11			
Directors commission expenditure	31-Mar-17	-	-	-	-	-	-	-	1.20	1.40	1.20	1.40	1.20	-	-	-	-	6.40			
	31-Mar-16	-	-	-	-	-	-	-	1.20	1.20	1.40	1.40	1.20	-	-	-	-	6.40			
Corporate social responsibility expenditure	31-Mar-17	-	-	-	-	-	-	-	-	-	-	-	-	8.89	-	-	-	8.89			
	31-Mar-16	-	-	-	-	-	-	-	-	-	-	-	-	10.13	-	-	-	10.13			
Contribution to post employment benefit plans	31-Mar-17	-	-	-	-	-	-	-	-	-	-	-	-	-	7.24	6.81	-	14.05			
	31-Mar-16	-	-	-	-	-	-	-	-	-	-	-	-	-	7.22	7.52	-	14.74			
Expenses incurred by the Company on behalf of party (net of expenses incurred by party on behalf of the Company)	31-Mar-17	(0.28)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.28)			
	31-Mar-16	4.32	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.32			
Deposit received	31-Mar-17	-	-	-	-	-	-	-	-	-	-	-	-	0.10	-	-	-	0.10			
	31-Mar-16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
<b>Outstanding balances</b>																					
Receivable	31-Mar-17	187.82	104.91	-	-	-	-	-	-	-	-	-	-	-	-	-	-	292.73			
	31-Mar-16	191.87	358.41	-	-	-	-	-	-	-	-	-	-	-	-	-	-	550.28			
	1-Apr-15	209.62	217.44	-	-	-	-	-	-	-	-	-	-	-	-	-	-	427.06			
Payable	31-Mar-17	46.03	63.14	5.26	1.34	1.20	0.03	1.20	1.40	1.20	1.40	1.20	0.10	-	-	-	-	123.50			
	31-Mar-16	68.71	58.44	6.57	0.21	0.47	0.02	1.20	1.20	1.40	1.40	1.20	-	-	-	-	-	140.82			
	1-Apr-15	43.86	120.16	2.90	0.04	0.41	0.00	1.20	1.20	1.20	1.20	1.20	-	-	-	-	-	173.37			
Guarantees outstanding (see (vi) below)	31-Mar-17	149.05	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	149.05			
	31-Mar-16	169.40	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	169.40			
	1-Apr-15	164.71	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	164.71			

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

## (iv) Compensation of key managerial personnel:

	(₹ in Million)	
	31-Mar-17	31-Mar-16
Short-term employee benefits	89.05	83.51
Post-employment benefits	5.35	4.80
<b>Total</b>	<b>94.40</b>	<b>88.31</b>

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

## (v) Terms & conditions:

The sales to and purchases from related parties, including rendering / availment of services, are made at terms which are on arm's length after taking into consideration market considerations, external benchmarks and adjustment thereof and methodology of sharing common group costs. There has not been any transactions with key management personnel other than the approved remuneration having regard to experience performance and market trends. The outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. The Company has not recorded any impairment of receivables relating to amounts owed by related parties for the year ended 31 March 2017 and 31 March 2016.

(vi) Guarantees outstanding comprises a corporate guarantee of ₹ 149.05 Million (31 March 2016: ₹ 169.40 Million; 1 April 2015 ₹ 164.71 Million) equivalent to GBP 1.76 Million (31 March 2016: GBP 1.76 Million; 1 April 2015: GBP 1.76 Million) given by TEIL on behalf of the Company as a surety for due performance of the Company's obligations under a contract awarded by an overseas customer and in respect of which, the Company has fully indemnified TEIL against any claims, damages or expenses, including legal costs.

## (vii) In respect of figures disclosed above:

- The amount of transactions / balances are without giving effect to the Ind AS adjustments on account of fair valuation / amortisation.
- Remuneration and outstanding balances of KMP does not include long term employee benefits by way of gratuity and compensated absences, which are currently not payable and are provided on the basis of actuarial valuation / estimates by the Group.
- TRSC's outstanding balance does not include provision made for amounts payable by the Company under an agreement with TRSC in respect of CSR obligation of the Company of ₹ 0.14 Million (31 March 2016: ₹ Nil; 1 April 2015: ₹ 4.80 Million).

## 37. CAPITAL MANAGEMENT

For the purpose of capital management, capital includes total equity of the Group. The primary objective of the capital management is to maximize shareholder value. The Group is by and large debt free and hence, borrowings are not considered in capital management.

The business model of the Group is not capital intensive and being in the engineered-to-order capital goods space, the working capital is largely funded by advances from customers. The Group, therefore, prefers low gearing ratio. The Group manages its capital structure and makes adjustments in light of changes in economic conditions which may be in the form of payment of dividend subject to benchmark payout ratio, return capital to the shareholders or issue of new shares. Currently, the Group is cash positive and does not require any equity infusion or borrowings.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

	31-Mar-17	31-Mar-16	1-Apr-15
	(₹ in Million)		
Non-current borrowings (note 15)	2.38	4.16	5.09
Current borrowings (note 17)	-	-	6.60
Trade payables (note 18)	943.74	899.54	1,132.27
Other financial liabilities (note 19)	141.59	77.52	27.50
<b>Total debt</b>	<b>1,087.71</b>	<b>981.22</b>	<b>1,171.46</b>
Less: Cash and cash equivalent (note 11(a))	(176.99)	(289.54)	(44.77)
<b>Net debt (A)</b>	<b>910.72</b>	<b>691.68</b>	<b>1,126.69</b>
<b>Total equity (note 13 &amp; note 14)</b>	<b>4,034.60</b>	<b>2,994.02</b>	<b>2,536.19</b>
<b>Total equity and net debt (B)</b>	<b>4,945.32</b>	<b>3,685.70</b>	<b>3,662.88</b>
<b>Gearing ratio (A/B)</b>	<b>18%</b>	<b>19%</b>	<b>31%</b>

Further, no changes were made in the objectives, policies or process for managing capital during the years ended 31 March 2017 and 31 March 2016.

The Group is not subject to any externally imposed capital requirements.

## 38. FINANCIAL RISK MANAGEMENT

The Group's principal financial liabilities comprises trade payables and other payables and there are no significant borrowings, other than that necessitated by temporary mismatch. The main purpose of the financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables, other receivables and cash and bank balances that derive directly from its operations. The Group also holds FVTPL investments and loans. The Group has substantial exports and is exposed to foreign currencies fluctuations during the contractual delivery period which is normally in the range of one year. The Group uses derivatives to hedge its foreign exchange exposures which arise from export orders.

The Group's activities expose it mainly to market risk, liquidity risk and credit risk. The monitoring and management of such risks is undertaken by the senior management of the Group and there are appropriate policies and procedures in place through which such financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Group has specialized teams to undertake derivative activities for risk management purposes and such team has appropriate skills, experience and expertise. It is the Group policy not to carry out any trading in derivative for speculative purposes. The Audit Committee and the Board are regularly apprised of such risks every quarter and each such risk and mitigation measures are extensively discussed.

### (i) Credit risk

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Group. The Group is exposed to credit risk from its operating activities, primarily trade receivables. The credit risks in respect of deposits with the banks, foreign exchange transactions and other financial instruments are only nominal.

#### (a) Credit risk management

The customer credit risk is managed subject to the Group's established policy, procedure and controls relating to customer credit risk management. In order to contain the business risk, prior to acceptance of an order from a customer, the creditworthiness of the customer is ensured through scrutiny of its financials, status of financial closure of the project, if required, market reports and reference checks. The Group remains vigilant and regularly assesses the financial position of customers during execution of contracts with a view to limit risks of delays and default. Further, in most of the cases, the Group prescribes stringent payment terms including ensuring full payments before delivery of goods. Retention amounts, if applicable, are payable after satisfactory commissioning and performance. In view of the industry practice and being in a position to prescribe the desired commercial terms, credit risks from

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receivables are well contained on an overall basis.

The impairment analysis is performed on each reporting period on individual basis for major customers. In addition, a large number of receivables are grouped and assessed for impairment collectively. The calculation is based on historical data of losses, current conditions and forecasts and future economic conditions. The Group's maximum exposure to credit risk at the reporting date is the carrying amount of each financial asset as detailed in note 5, 6, 7, 8 and 11.

The trade receivables position is provided here below:

	31-Mar-17	31-Mar-16	1-Apr-15
Total receivables (note 6)	1,519.69	1,340.51	1,693.85
Receivables individually in excess of 10% of the total receivables	466.90	725.77	687.15
Percentage of above receivables to the total receivables of the Group	31%	54%	41%

From the above table, it can be observed that the concentration of risk in respect of trade receivables is well spread out and moderate. Further, its customers are located in several jurisdictions and industries and operate in largely independent markets. The Group does not hold any collateral as security for such receivables.

## (b) Provision for expected credit losses

Basis as explained above, apart from specific provisioning against impairment on an individual basis for major customers, the Group provides for expected credit losses (ECL) for other receivables based on historical data of losses, current conditions and forecasts and future economic conditions, including loss of time value of money due to delays. In view of the business model of the Group, engineered-to-order products and the prescribed commercial terms, the determination of provision based on age analysis may not be a realistic and hence, the provision of expected credit loss is determined for the total trade receivables outstanding as on the reporting date. Considering all such factors, ECL (net of specific provisioning) for trade receivables as at year end worked out as follows:

	31-Mar-17	31-Mar-16	1-Apr-15
Expected credit loss (%)	0.53%	0.59%	0.62%
Expected credit loss (₹ in Million)	3.39	3.80	4.80

## (ii) Liquidity risk

The Group uses liquidity forecast tools to manage its liquidity. As per the business model of the Group, the requirement of working capital is not intensive. The Group is able to substantially fund its working capital from advances from customers and from internal accruals and hence, its reliance on funding through borrowings is negligible. In view of free cash flows, the Group has even been able to fund substantial capital expenditure from internal accruals.

	31-Mar-17	31-Mar-16	1-Apr-15
Current financial assets (CFA) (note 5, 6, 7, 8 & 11)	1,781.14	1,801.04	1,849.41
Non-current financial assets (NCFA) (note 6, 7 & 8)	18.30	15.26	13.92
<b>Total financial assets (FA)</b>	<b>1,799.44</b>	<b>1,816.30</b>	<b>1,863.33</b>
Current financial liabilities (CFL) (note 17, 18 & 19)	1,085.33	977.06	1,166.37
Non-current financial liabilities (NCFL) (note 15)	2.38	4.16	5.09
<b>Total financial liabilities (FL)</b>	<b>1,087.71</b>	<b>981.22</b>	<b>1,171.46</b>
<b>Ratios</b>			
CFA/ CFL	1.64	1.84	1.59
NCFA/NCFL	7.70	3.67	2.74
FA/FL	1.65	1.85	1.59

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As could be seen all the ratios are fairly comfortable, indicating easy liquidity. The Group invests surplus funds in bank deposits or liquid mutual funds for appropriate tenures in consonance with cash flow forecasts.

Maturities analysis of financial liabilities:

	on demand	<1 year	1-5 years	Total	Carrying amount
<b>As at 31 March 2017</b>					
Non-current borrowings	-	-	2.38	2.38	2.38
Current borrowings	-	-	-	-	-
Trade payables	-	943.74	-	943.74	943.74
Other financial liabilities	-	141.59	-	141.59	141.59
	-	<b>1,085.33</b>	<b>2.38</b>	<b>1,087.71</b>	<b>1,087.71</b>
<b>As at 31 March 2016</b>					
Non-current borrowings	-	-	4.16	4.16	4.16
Current borrowings	-	-	-	-	-
Trade payables	-	899.54	-	899.54	899.54
Other financial liabilities	-	77.52	-	77.52	77.52
	-	<b>977.06</b>	<b>4.16</b>	<b>981.22</b>	<b>981.22</b>
<b>As at 1 April 2015</b>					
Non-current borrowings	-	-	5.09	5.09	5.09
Current borrowings	6.60	-	-	6.60	6.60
Trade payables	-	1,132.27	-	1,132.27	1,132.27
Other financial liabilities	-	27.50	-	27.50	27.50
	<b>6.60</b>	<b>1,159.77</b>	<b>5.09</b>	<b>1,171.46</b>	<b>1,171.46</b>

### (iii) Market risk

The Group is virtually debt free and is largely insulated from interest rate risks. Even with respect to investments in mutual funds, the impact of interest rate risk is nominal as the investment is carried in liquid or substantially liquid funds. The Group is essentially exposed to currency risks as export sales forms substantial part of the total sales of the Group. While the Group is mainly exposed to US Dollars, the Group also deals in other currencies, such as, Euro, GBP etc.

The cycle from booking order to collection extends to about a year and the Group is exposed to foreign exchange fluctuation risks during this period. As a policy, the Group remains substantially hedged through foreign exchange forward contracts or other simple derivative structures. It considerably mitigates the risk and the Group is also benefitted in view of incidental forward premium. The policy of substantial hedging insulates the Group from the exchange rate fluctuation and the impact of sensitivity is nominal.

#### (a) Foreign currency risk exposure

The Group's exposure to foreign currency risk at the end of the reporting period are as follows:

		US\$	EURO	GBP	Other foreign currencies
<b>As at 31 March 2017</b>					
Financial assets					
- Trade receivables	in foreign currency (Million)	3.90	4.20	0.12	-
	in equivalent ₹ (Million)	250.03	284.09	9.92	-
- Cash and bank balances	in foreign currency (Million)	0.67	0.04	-	*
	in equivalent ₹ (Million)	43.45	2.58	-	1.25
- Other financial assets	in foreign currency (Million)	-	-	-	*
	in equivalent ₹ (Million)	-	-	-	0.62
Derivative assets (in respect of underlying financial assets)					
- Foreign exchange forward contracts	in foreign currency (Million)	3.74	3.95	-	-
	in equivalent ₹ (Million)	239.69	268.69	-	-
Net exposure to foreign currency risk (assets)	in foreign currency (Million)	<b>0.83</b>	<b>0.29</b>	<b>0.12</b>	<b>*</b>
	in equivalent ₹ (Million)	<b>53.79</b>	<b>17.98</b>	<b>9.92</b>	<b>1.87</b>

\* In view of diversified foreign currencies involved, only the equivalent amount in ₹ has been disclosed



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		US\$	EURO	GBP	Other foreign currencies
<b>As at 31 March 2017</b>					
Financial liabilities					
- Trade payables	in foreign currency (Million)	0.24	0.30	0.05	*
	in equivalent ₹ (Million)	15.61	19.36	3.84	8.18
- Other financial liabilities	in foreign currency (Million)	-	-	-	-
	in equivalent ₹ (Million)	-	-	-	3.71
Derivative liabilities (in respect of underlying financial liabilities)					
- Foreign exchange forward contracts	in foreign currency (Million)	-	-	-	-
buy foreign currency	in equivalent ₹ (Million)	-	-	-	-
Net exposure to foreign currency risk (liabilities)	in foreign currency (Million)	<b>0.24</b>	<b>0.30</b>	<b>0.05</b>	<b>*</b>
	in equivalent ₹ (Million)	<b>15.61</b>	<b>19.36</b>	<b>3.84</b>	<b>11.89</b>
<b>As at 31 March 2016</b>					
Financial assets					
- Trade receivables	in foreign currency (Million)	2.57	2.48	0.32	-
	in equivalent ₹ (Million)	169.71	182.94	29.83	-
- Cash and bank balances	in foreign currency (Million)	0.11	0.01	-	*
	in equivalent ₹ (Million)	7.03	0.81	-	0.17
- Other financial assets	in foreign currency (Million)	-	-	-	*
	in equivalent ₹ (Million)	-	-	-	0.31
Derivative assets (in respect of underlying financial assets)					
- Foreign exchange forward contracts	in foreign currency (Million)	2.23	2.33	0.26	-
sell foreign currency	in equivalent ₹ (Million)	146.80	172.98	24.12	-
Net exposure to foreign currency risk (assets)	in foreign currency (Million)	<b>0.45</b>	<b>0.16</b>	<b>0.06</b>	<b>*</b>
	in equivalent ₹ (Million)	<b>29.94</b>	<b>10.77</b>	<b>5.71</b>	<b>0.48</b>
<b>As at 31 March 2015</b>					
Financial liabilities					
- Trade payables	in foreign currency (Million)	0.16	0.46	0.09	*
	in equivalent ₹ (Million)	10.45	33.51	8.18	0.43
- Other financial liabilities	in foreign currency (Million)	-	-	-	*
	in equivalent ₹ (Million)	-	-	-	3.06
Derivative liabilities (in respect of underlying financial liabilities)					
- Foreign exchange forward contracts	in foreign currency (Million)	-	-	-	-
buy foreign currency	in equivalent ₹ (Million)	-	-	-	-
Net exposure to foreign currency risk (liabilities)	in foreign currency (Million)	<b>0.16</b>	<b>0.46</b>	<b>0.09</b>	<b>*</b>
	in equivalent ₹ (Million)	<b>10.45</b>	<b>33.51</b>	<b>8.18</b>	<b>3.49</b>

\* In view of diversified foreign currencies involved, only the equivalent amount in ₹ has been disclosed

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

		US\$	EURO	GBP	Other foreign currencies
<b>As at 1 April 2015</b>					
Financial assets					
- Trade receivables	in foreign currency (Million)	4.83	5.50	0.12	-
	in equivalent ₹ (Million)	300.34	368.22	11.10	-
Derivative assets (in respect of underlying financial assets)					
- Foreign exchange forward contracts	in foreign currency (Million)	3.23	5.47	0.12	-
sell foreign currency	in equivalent ₹ (Million)	200.93	366.20	10.87	-
Net exposure to foreign currency risk (assets)	in foreign currency (Million)	<b>1.60</b>	<b>0.03</b>	-	-
	in equivalent ₹ (Million)	<b>99.41</b>	<b>2.02</b>	<b>0.23</b>	-
Financial liabilities					
- Trade payables	in foreign currency (Million)	0.08	0.32	0.12	*
	in equivalent ₹ (Million)	5.13	21.67	11.08	9.15
- Other financial liabilities	in foreign currency (Million)	-	-	-	*
	in equivalent ₹ (Million)	-	-	-	2.54
Derivative liabilities (in respect of underlying financial liabilities)					
- Foreign exchange forward contracts	in foreign currency (Million)	-	-	-	-
buy foreign currency	in equivalent ₹ (Million)	-	-	-	-
Net exposure to foreign currency risk (liabilities)	in foreign currency (Million)	<b>0.08</b>	<b>0.32</b>	<b>0.12</b>	*
	in equivalent ₹ (Million)	<b>5.13</b>	<b>21.67</b>	<b>11.08</b>	<b>11.69</b>

\* In view of diversified foreign currencies involved, only the equivalent amount in ₹ has been disclosed

The Group's foreign currency derivatives outstanding (including for firm commitments) at the end of the reporting period are as follows:

		US\$	EURO	GBP	Other foreign currencies
<b>As at 31 March 2017</b>					
Foreign exchange forward contracts to sell foreign currency	in foreign currency (Million)	9.69	10.49	-	-
	in equivalent ₹ (Million)	620.82	714.22	-	-
Foreign exchange forward contracts to buy foreign currency	in foreign currency (Million)	-	0.25	-	-
	in equivalent ₹ (Million)	-	17.59	-	-
<b>As at 31 March 2016</b>					
Foreign exchange forward contracts to sell foreign currency	in foreign currency (Million)	19.96	9.56	5.19	-
	in equivalent ₹ (Million)	1,315.75	709.18	488.93	-
Foreign exchange forward contracts to buy foreign currency	in foreign currency (Million)	-	-	-	-
	in equivalent ₹ (Million)	-	-	-	-
<b>As at 1 April 2015</b>					
Foreign exchange forward contracts to sell foreign currency	in foreign currency (Million)	9.52	15.22	0.43	-
	in equivalent ₹ (Million)	592.16	1,018.11	38.94	-
Foreign exchange forward contracts to buy foreign currency	in foreign currency (Million)	-	-	-	-
	in equivalent ₹ (Million)	-	-	-	-

All the above contracts are maturing within one year.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

## (b) Sensitivity

The following table demonstrate the sensitivity of net unhedged foreign currency exposures relating to financial instruments to reasonably possible changes in foreign currency exchange rates, with all other variables held constant.

	Change in FC exchange rate by	Impact on profit or loss and equity (₹)			
		Increase in FC exchange rates		Decrease in FC exchange rates	
		31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
US\$ sensitivity	5%	1.91	0.97	(1.91)	(0.97)
EURO sensitivity	5%	(0.07)	(1.14)	0.07	1.14
GBP sensitivity	5%	0.30	(0.12)	(0.30)	0.12
Other foreign currencies sensitivity	5%	(0.50)	(0.15)	0.50	0.15

In addition to the above, an increase in exchange rates of subsidiaries' functional currency by 5% will result in increase in foreign currency translation reserve (a component of other equity) for the year ended 31 March 2017 by ₹ 4.22 Million (31 March 2016: ₹ 0.12 Million). A decrease in such exchange rates will have a reverse impact with equivalent amounts. There is no impact on the profits of the Group.

Further, the change in foreign currency rates will impact the fair value of the derivatives and correspondingly impact the profit or loss, but there will not be any impact over the hedge period as the derivatives will enable capturing the hedged rates and the budgeted profitability would remain unchanged.

There is no impact on other components of equity since the Group has not elected to apply hedge accounting.

## 39. FAIR VALUE MEASUREMENTS

### (i) Financial instruments by category

	31-Mar-17		31-Mar-16		1-Apr-15	
	FVTPL *	Amortised cost	FVTPL *	Amortised cost	FVTPL *	Amortised cost
<b>Financial assets</b>						
Investments in mutual funds	40.12	-	111.51	-	60.23	-
Trade receivables	-	1,519.69	-	1,340.51	-	1,693.85
Loans	-	2.76	-	2.24	-	2.75
Cash and bank balances	-	178.07	-	290.53	-	45.69
Security deposits	-	6.58	-	4.41	-	3.61
Earnest money deposits	-	2.38	-	2.25	-	1.89
Derivative financial assets	48.93	-	49.62	-	54.96	-
Other receivables	-	0.91	-	15.23	-	0.35
<b>Total financial assets</b>	<b>89.05</b>	<b>1,710.39</b>	<b>161.13</b>	<b>1,655.17</b>	<b>115.19</b>	<b>1,748.14</b>
<b>Financial liabilities</b>						
Borrowings	-	4.16	-	7.55	-	15.02
Trade payables	-	943.74	-	899.54	-	1,132.27
Capital creditors	-	113.37	-	17.68	-	4.08
Other payables	-	26.44	-	56.45	-	20.09
<b>Total financial liabilities</b>	<b>-</b>	<b>1,087.71</b>	<b>-</b>	<b>981.22</b>	<b>-</b>	<b>1,171.46</b>

\*Mandatorily measured at FVTPL, there is no financial instrument which is designated as FVTPL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

### (ii) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

#### Financial assets and liabilities measured at fair value - recurring fair value measurements

	Note No.	Level 1	Level 2	Level 3	Total
(₹ in Million)					
<b>As at 31 March 2017</b>					
Financial assets					
- Investments in mutual funds (Unquoted)	5 (b)	-	40.12	-	40.12
- Foreign exchange forward contracts at FVTPL	8	-	48.93	-	48.93
		-	<b>89.05</b>	-	<b>89.05</b>
<b>As at 31 March 2016</b>					
Financial assets					
- Investments in mutual funds (Unquoted)	5 (b)	-	111.51	-	111.51
- Foreign exchange forward contracts at FVTPL	8	-	49.62	-	49.62
		-	<b>161.13</b>	-	<b>161.13</b>
<b>As at 1 April 2015</b>					
Financial assets					
- Investments in mutual funds (Unquoted)	5 (b)	-	60.23	-	60.23
- Foreign exchange forward contracts at FVTPL	8	-	54.96	-	54.96
		-	<b>115.19</b>	-	<b>115.19</b>

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. No assets are classified in this category.

**Level 2:** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. No assets are classified in this category.

There are no transfers between levels 1 and 2 during the year.

### (iii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the fair value of the mutual funds is determined using daily NAV as declared for the particular scheme by the Asset Management Company. The fair value estimates are included in Level 2.
- the fair value of foreign exchange forward contracts is determined using market observable inputs, including prevalent forward rates for the maturities of the respective contracts and interest rate curves as indicated by banks and third parties.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

## (iv) Valuation processes

The Corporate finance team has requisite knowledge and skills. The team headed by Group CFO directly reports to the audit committee to arrive at the fair value of financial instruments.

## (v) Fair value of financial assets and liabilities that are not measured at fair value (but fair value disclosures are required)

Except as detailed in the following table, the management considers that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values

	31-Mar-17		31-Mar-16		1-Apr-15	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Trade receivables	1,519.69	1,514.46	1,340.51	1,308.49	1,693.85	1,655.41
	<b>1,519.69</b>	<b>1,514.46</b>	<b>1,340.51</b>	<b>1,308.49</b>	<b>1,693.85</b>	<b>1,655.41</b>

(₹ in Million)

Fair value hierarchy

	Fair value hierarchy			Total
	Level 1	Level 2	Level 3	
<b>As at 31 March 2017</b>				
Financial assets				
Trade receivables	-	-	1,514.46	1,514.46
	-	-	<b>1,514.46</b>	<b>1,514.46</b>
<b>As at 31 March 2016</b>				
Financial assets				
Trade receivables	-	-	1,308.49	1,308.49
	-	-	<b>1,308.49</b>	<b>1,308.49</b>
<b>As at 1 April 2015</b>				
Financial assets				
Trade receivables	-	-	1,655.41	1,655.41
	-	-	<b>1,655.41</b>	<b>1,655.41</b>

(₹ in Million)

- (a) The fair values for trade receivables which are expected to be received after twelve months (though within the operating cycle) are computed based on discounted cash flows. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk. The carrying amounts of the remaining trade receivables are considered to be the same as their fair values, due to their short-term nature.

## 40. INTEREST IN OTHER ENTITIES

### (i) Subsidiary

Details of the Group's subsidiary at the end of the reporting period is as follows:

Name of Subsidiary	Principal activities	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group		
			31-Mar-17	31-Mar-16	1-Apr-15
Triveni Turbines Europe Private Ltd	Trading & services of steam turbines	United Kingdom	100%	100%	100%
Triveni Turbines DMCC (Step-down Subsidiary)	Trading of steam turbines	Dubai, United Arab Emirates	100%	100%	100%

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

### (ii) Interest in joint venture (refer note 2(a)(i))

Details of the Group's joint venture at the end of the reporting period is as follows:

Name of joint venture	Principal activities	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group		
			31-Mar-17	31-Mar-16	1-Apr-15
GE Triveni Limited	Trading & services of steam turbines	India	50%	50%	50%

The above joint venture is accounted for using the equity method in these consolidated financial statements.

### (a) Summarised financial information for joint venture

The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with Ind ASs adjusted by the Group for equity accounting purposes.

Summarised balance sheet of GE Triveni Limited

	31-Mar-17	31-Mar-16	1-Apr-15
	(₹ in Million)		
Current assets			
Cash and cash equivalent	74.95	28.11	35.73
Other assets	776.72	1,099.74	819.06
<b>Total current assets</b>	<b>851.67</b>	<b>1,127.85</b>	<b>854.79</b>
<b>Total non-current assets</b>	<b>234.19</b>	<b>270.48</b>	<b>268.08</b>
Current liabilities			
Financial liabilities (excluding trade payables and provisions)	2.56	135.97	2.07
Other liabilities	750.44	1,047.01	859.03
<b>Total current liabilities</b>	<b>753.00</b>	<b>1,182.98</b>	<b>861.10</b>
Non-current liabilities			
Financial liabilities (excluding trade payables and provisions)	9.73	10.16	126.86
Other liabilities	16.63	0.74	0.40
<b>Total non-current liabilities</b>	<b>26.36</b>	<b>10.90</b>	<b>127.26</b>
<b>Net assets</b>	<b>306.50</b>	<b>204.45</b>	<b>134.51</b>

Summarised statement of profit and loss of GE Triveni Limited

	31-Mar-17	31-Mar-16
	(₹ in Million)	
Revenue	1,213.18	1,420.81
Interest income	3.01	1.82
Depreciation and amortisation	27.09	25.99
Interest expense	1.96	2.29
Income tax expense	54.27	34.92
Profit from continuing operations	102.03	69.92
Profit from discontinued operations	-	-
Profit for the year	102.03	69.92
Other comprehensive income	0.02	0.01
Total comprehensive income	102.05	69.93
Dividend received from the joint venture	-	-



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in consolidated financial statements:

	31-Mar-17	31-Mar-16	(₹ in Million) 1-Apr-15
Net assets of GE Triveni Limited	306.50	204.45	134.51
Group's share (in %)	50%	50%	50%
Group's share (in ₹ Million)	153.25	102.23	67.25
Adjustments:			
Group's share in adjustment for unrealised profits on inter-company transactions (net of tax)	(8.61)	(14.26)	(15.34)
Group's share in adjustment for tax on balance undistributed profits	(13.16)	-	-
Carrying amount	131.48	87.97	51.91

## 41. ADDITIONAL INFORMATION REQUIRED BY SCHEDULE III

Name of the entity in the Group	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 Million)	As % of consolidated profit or loss	Amount (₹ in Million)	As % of consolidated other comprehensive income	Amount (₹ in Million)	As % of consolidated total comprehensive income	Amount (₹ in Million)
<b>Parent</b>								
<b>Triveni Turbine Limited</b>								
31 March 2017	97.67%	3,940.47	94.05%	1,162.06	98.93%	(16.07)	93.99%	1,145.99
31 March 2016	99.73%	2,985.89	96.44%	1,089.55	104.35%	3.30	96.46%	1,092.85
<b>Subsidiaries (Group's share)</b>								
<b>Foreign</b>								
<b>Triveni Turbines Europe Private Ltd</b>								
31 March 2017	0.83%	33.54	2.00%	24.71	1.14%	(0.18)	2.01%	24.53
31 March 2016	0.04%	1.23	0.39%	4.42	-4.56%	(0.14)	0.38%	4.28
<b>Triveni Turbines DMCC</b>								
31 March 2017	0.23%	9.11	0.43%	5.27	0.00%	-	0.43%	5.27
31 March 2016	-0.04%	(1.07)	-0.02%	(0.19)	0.00%	-	-0.02%	(0.19)
<b>Joint ventures (Investments as per the equity method)</b>								
<b>Indian</b>								
<b>GE Triveni Limited</b>								
31 March 2017	1.28%	51.48	3.52%	43.50	-0.07%	0.01	3.57%	43.51
31 March 2016	0.27%	7.97	3.19%	36.05	0.22%	0.00	3.18%	36.05
<b>Total</b>								
31 March 2017	100%	4,034.60	100%	1,235.54	100%	(16.24)	100%	1,219.30
31 March 2016	100%	2,994.02	100%	1,129.83	100%	3.16	100%	1,132.99

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

## 42. LEASES

### (i) Obligations under finance leases

During financial year 2014-15, the Group had acquired land at Sompura from Karnataka Industrial Areas Development Board (KIADB) on a lease-cum-sale basis. The land is under lease for initial period of ten years thereafter the ownership of the land will be transferred in favour of the Group (refer note 3(i)). Initial upfront lease payment (including slum cess and process fee) of ₹ 365.81 Million was made to the KIADB for acquisition of land and thereafter, the Group's obligations are limited to payment of yearly recurring maintenance charges of ₹ 0.14 Million during the lease period. There is no contingent rent or restriction imposed in the lease agreement.

### (ii) Operating lease arrangements

#### As Lessee

The Group has taken various residential / office premises and certain office equipment under operating leases. These leases are generally not non-cancellable, except in the case of some office equipment. The unexpired period of the leases ranges between one month to less than five years and these are renewable by mutual consent on mutually agreeable terms. The Group has given refundable interest-free security deposits under certain agreements. There is no contingent rent, sublease payments or restriction imposed in the lease agreement.

Payments recognised as expense

	31-Mar-17	31-Mar-16
Minimum lease payments (refer note 31)	10.29	6.63
	<b>10.29</b>	<b>6.63</b>

(₹ in Million)

Non-cancellable operating lease commitments

	31-Mar-17	31-Mar-16	1-Apr-15
Not later than one year	0.83	0.75	0.62
Later than one year and not later than five years	1.33	0.56	0.91
Later than five years	-	-	-
	<b>2.16</b>	<b>1.31</b>	<b>1.53</b>

(₹ in Million)

#### As Lessor

The Group has given certain portions of its office premises under operating leases. These leases are not non-cancellable and are extendable by mutual consent and at mutually agreeable terms. The gross carrying amount, accumulated depreciation and depreciation recognised in the statement of profit and loss in respect of such portion of the leased premises are not separately identifiable. There is no impairment loss in respect of such premises. No contingent rent has been recognised in the statement of profit and loss. There are no minimum future lease payments as there are no non-cancellable leases. Lease income is recognised in the statement of profit and loss under "Other Income" (refer note 24). Initial direct costs incurred, if any, to earn revenues from an operating lease are recognised as an expense in the statement of profit and loss in the period in which they are incurred

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

## 43. COMMITMENTS

	31-Mar-17	31-Mar-16	1-Apr-15
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for (against which advances paid aggregating to ₹ 50.48 Million(31 March 2016: ₹ 54.61 Million, 1 April 2015: ₹ 1.78 Million))	175.65	457.79	45.29
(ii) Other Commitments:			
(a) Operating lease commitments		Refer note 42 (ii)	
(b) Derivative instruments		Refer note 38 (iii)(a)	
(c) Non-disposal of investments in joint venture		Refer note 17 (ii)	

(₹ in Million)

The Group's share of the commitments made jointly with other joint venturer relating to its joint venture, GE Triveni Limited, is as follows:

	31-Mar-17	31-Mar-16	1-Apr-15
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	-	-	2.07

(₹ in Million)

## 44. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

### Contingent liabilities

		31-Mar-17			31-Mar-16			1-Apr-15		
Claims against the Group not acknowledged as debts:										
(i)	Claims which are being contested by the Group and in respect of which the Group has paid amounts aggregating to ₹ 4.93 Million (31 March 2016: ₹ 4.93 Million; 1 April 2015: ₹ 4.93 Million), excluding interest, under protest pending final adjudication of the cases:	133.76			55.20			52.15		
Sl. No.	Particulars	Amount of contingent liability			Amount paid					
		31-Mar-17	31-Mar-16	1-Apr-15	31-Mar-17	31-Mar-16	1-Apr-15			
1	Excise duty	7.40	7.18	6.79	0.09	0.09	0.09			
2	Service tax	47.48	45.63	42.97	4.84	4.84	4.84			
3	VAT *	61.96	-	-	-	-	-			
4	Income tax	15.03	-	-	-	-	-			
5	Others	1.89	2.39	2.39	-	-	-			
*Against the VAT demand, the Commercial Taxes Department has withheld the refund of ₹ 48.37 Million.										
(ii)	Group's share of joint venture's contingent liability in regard to sales tax	0.21			-			-		

(₹ in Million)

The amount shown above represent the best possible estimates arrived at on the basis of available information. The uncertainties, possible payments and reimbursements are dependent on the outcome of the different legal processes which have been invoked by the Group or the claimants, as the case may be, and therefore cannot be predicted accurately. The Group engages reputed professional advisors to protect its interests and has been advised that it has strong legal position against such disputes.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

### Contingent assets

Based on management analysis, there are no material contingent assets as at 31 March 2017 (31 March 2016: ₹ Nil; 1 April 2015: ₹ Nil).

### 45. DISCLOSURES REQUIRED UNDER SECTION 22 OF THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

Based on the intimation received by the Group from its suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, the relevant information is provided here below:

	31-Mar-17	31-Mar-16	1-Apr-15
	(₹ in Million)		
The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year; as at the end of the year			
(i) Principal amount	90.49	68.65	90.47
(ii) Interest due on above	-	-	-
The amount of interest paid by the buyer in terms of section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-	-
The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-	-

### 46. DISCLOSURE ON SPECIFIED BANK NOTES (SBNS)

Pursuant to MCA notification G.S.R. 308(E) dated 30 March 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016, the denomination wise SBNS and other notes as per the notification is given below:

	SBNS *	Other denomination notes	Total
Closing cash on hand as on 8 November 2016	0.28	0.21	0.49
Add: Permitted receipts	-	0.67	0.67
Less: Permitted payments	-	(0.71)	(0.71)
Less: Amount deposited in banks	(0.28)	-	(0.28)
Closing cash on hand as on 30 December 2016	-	0.17	0.17

\*For the purposes of this clause, the term "Specified Bank Notes" shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated 8 November 2016.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

## 47. RESEARCH & DEVELOPMENT EXPENSES

During the year, the Group has incurred expenditure of ₹ 97.78 Million (31 March 2016: ₹ 118.41 Million) on research and development activities as per following details:

	(₹ in Million)	
	31-Mar-17	31-Mar-16
Revenue expenses	86.92	103.78
Less: Scrap value	(1.07)	-
Capital expenditure	11.93	14.63
<b>Total</b>	<b>97.78</b>	<b>118.41</b>

## 48. FIRST TIME ADOPTION OF IND AS

### Transition to Ind AS

These are the Group's first consolidated financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 1 have been applied in preparing the consolidated financial statements for the year ended 31 March 2017, the comparative information presented in these consolidated financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS balance sheet as at 1 April 2015 (the transition date). In preparing its opening Ind AS balance sheet, the Group has made adjustments to the amounts reported previously in consolidated financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provision of the Act (previous GAAP or Indian GAAP). Further, in view of the classification of current and non-current items adopted in accordance with the criteria specified in Ind AS 1 *Presentation of Financial Statements* the corresponding figures of the previous years have been appropriately reclassified wheresoever necessary. An explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and notes.

### A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

#### A.1 Ind As optional exemptions

##### A.1.1 Business combinations

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date.

The Group has elected to apply Ind AS 103 prospectively to business combinations occurring after the transition date. Business combinations occurring prior to the transition date have not been restated.

##### A.1.2 Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 *Intangible Assets*.

Accordingly, the Group has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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## A.1.3 Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.

The Group has elected to apply this exemption for such contracts/ arrangements.

## A.2 Ind AS mandatory exceptions

### A.2.1 Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP (after adjustments to reflect any difference in accounting policies) apart from certain new estimates that were not required under previous GAAP.

### A.2.2 De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Group has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

### A.2.3 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets (debt instruments) in terms of whether they meet the amortised cost criteria or the fair value criteria based on the facts and circumstances that existed as of the transition date and the Group has followed the same.

### A.2.4 Impairment of financial assets

The Group has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Group has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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## B. Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

### B.1 Effect of Ind AS adoption on the consolidated balance sheet as at 31 March 2016 and 1 April 2015

(₹ in Million)									
	Note No.	31 March 2016 (End of last period presented under previous GAAP)				1 April 2015 (Date of transition)			
		Previous GAAP*	Effect of transition to Ind AS		Ind AS	Effect of transition to Ind AS			Ind AS
			Accounting of GETL (see note C.1)	Others		Previous GAAP *	Accounting of GETL (see note C.1)	Others	
<b>ASSETS</b>									
<b>Non-current assets</b>									
Property, plant and equipment	C.1, C.2, C.3	1,417.49	(173.51)	19.73	1,263.71	1,476.74	(185.03)	14.44	1,306.15
Capital work-in-progress		328.78	-	-	328.78	61.03	-	-	61.03
Intangible assets	C.1	93.04	(40.43)	-	52.61	73.93	(29.36)	-	44.57
Investments accounted for using the equity method	C.1	-	87.97	-	87.97	-	51.91	-	51.91
Financial assets									
i. Trade receivables	C.4	15.83	-	(4.26)	11.57	15.83	-	(5.16)	10.67
ii. Loans		0.18	-	-	0.18	0.30	-	-	0.30
iii. Other financial assets		3.51	-	-	3.51	2.95	-	-	2.95
Other non-current assets	C.1	151.67	(1.52)	-	150.15	91.81	(0.76)	-	91.05
Income tax assets (net)	C.1	33.42	(20.74)	-	12.68	12.88	(0.20)	-	12.68
<b>Total non-current assets</b>		<b>2,043.92</b>	<b>(148.23)</b>	<b>15.47</b>	<b>1,911.16</b>	<b>1,735.47</b>	<b>(163.44)</b>	<b>9.28</b>	<b>1,581.31</b>
<b>Current assets</b>									
Inventories	C.1, C.2	1,879.82	(296.89)	(15.44)	1,567.49	1,348.89	(161.63)	(14.44)	1,172.83
Financial assets									
i. Investments	C.1, C.5	385.38	(274.67)	0.80	111.51	228.97	(168.97)	0.23	60.23
ii. Trade receivables	C.1, C.4	1,363.84	(31.10)	(3.80)	1,328.94	1,636.12	51.87	(4.80)	1,683.18
iii. Cash and cash equivalents	C.1	317.65	(28.11)	-	289.54	80.50	(35.73)	-	44.77
iv. Bank balances other than cash and cash equivalents	C.1	2.26	(1.27)	-	0.99	27.64	(26.85)	-	0.79
v. Loans		2.06	-	-	2.06	2.45	-	-	2.45
vi. Other financial assets	C.1, C.6	34.14	(2.91)	36.77	68.00	97.13	(4.74)	(34.40)	57.99
Other current assets	C.1	554.81	(56.10)	-	498.71	591.46	(164.32)	-	427.14
<b>Total current assets</b>		<b>4,539.96</b>	<b>(691.05)</b>	<b>18.33</b>	<b>3,867.24</b>	<b>4,013.16</b>	<b>(510.37)</b>	<b>(53.41)</b>	<b>3,449.38</b>
<b>Total assets</b>		<b>6,583.88</b>	<b>(839.28)</b>	<b>33.80</b>	<b>5,778.40</b>	<b>5,748.63</b>	<b>(673.81)</b>	<b>(44.13)</b>	<b>5,030.69</b>

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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(₹ in Million)

	Note No.	31 March 2016 (End of last period presented under previous GAAP)				1 April 2015 (Date of transition)			
		Previous GAAP*	Effect of transition to Ind AS		Ind AS	Effect of transition to Ind AS			Ind AS
			Accounting of GETL (see note C.1)	Others		Previous GAAP *	Accounting of GETL (see note C.1)	Others	
<b>EQUITY AND LIABILITIES</b>									
<b>EQUITY</b>									
Equity share capital		329.97	-	-	329.97	329.97	-	-	329.97
Other equity	C.1, C.2, C.4, C.5, C.6, C.7, C.8, C.12 & C.13	2,596.05	38.41	29.59	2,664.05	1,956.31	36.10	213.81	2,206.22
<b>Equity attributable to owners of the Company</b>		<b>2,926.02</b>	<b>38.41</b>	<b>29.59</b>	<b>2,994.02</b>	<b>2,286.28</b>	<b>36.10</b>	<b>213.81</b>	<b>2,536.19</b>
Non-controlling interests	C.1	97.80	(97.80)	-	-	67.45	(67.45)	-	-
<b>Total equity</b>		<b>3,023.82</b>	<b>(59.39)</b>	<b>29.59</b>	<b>2,994.02</b>	<b>2,353.73</b>	<b>(31.35)</b>	<b>213.81</b>	<b>2,536.19</b>
<b>LIABILITIES</b>									
<b>Non-current liabilities</b>									
Financial Liabilities									
i. Borrowings	C.1	4.16	-	-	4.16	122.69	(117.60)	-	5.09
Provisions	C.1	47.18	(0.74)	-	46.44	44.74	(0.40)	-	44.34
Deferred tax liabilities (Net)	C.1, C.12	72.07	8.49	15.66	96.22	73.84	17.44	(12.96)	78.32
<b>Total non-current liabilities</b>		<b>123.41</b>	<b>7.75</b>	<b>15.66</b>	<b>146.82</b>	<b>241.27</b>	<b>(100.56)</b>	<b>(12.96)</b>	<b>127.75</b>
<b>Current liabilities</b>									
Financial liabilities									
i. Borrowings		-	-	-	-	6.60	-	-	6.60
ii. Trade payables	C.1	1,228.01	(328.47)	-	899.54	1,332.55	(200.28)	-	1,132.27
iii. Other financial liabilities	C.1, C.6	226.98	(142.29)	(7.17)	77.52	40.61	(6.42)	(6.69)	27.50
Other current liabilities	C.1, C.7	1,840.86	(309.28)	(4.28)	1,527.30	1,383.38	(332.52)	-	1,050.86
Provisions	C.1, C.8	85.18	(7.60)	-	77.58	363.38	(0.40)	(238.29)	124.69
Income tax liabilities (Net)	C.1	55.62	-	-	55.62	27.11	(2.28)	-	24.83
<b>Total current liabilities</b>		<b>3,436.65</b>	<b>(787.64)</b>	<b>(11.45)</b>	<b>2,637.56</b>	<b>3,153.63</b>	<b>(541.90)</b>	<b>(244.98)</b>	<b>2,366.75</b>
<b>Total liabilities</b>		<b>3,560.06</b>	<b>(779.89)</b>	<b>4.21</b>	<b>2,784.38</b>	<b>3,394.90</b>	<b>(642.46)</b>	<b>(257.94)</b>	<b>2,494.50</b>
<b>Total equity and liabilities</b>		<b>6,583.88</b>	<b>(839.28)</b>	<b>33.80</b>	<b>5,778.40</b>	<b>5,748.63</b>	<b>(673.81)</b>	<b>(44.13)</b>	<b>5,030.69</b>

\*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

## B.2 Reconciliation of total equity as at 31 March 2016 and 1 April 2015

	Note No.	31 March 2016 (End of last period presented under previous GAAP)	1 April 2015 (Date of transition)
(₹ in Million)			
<b>Total equity (shareholders' funds) under previous GAAP</b>		3,023.82	2,353.73
<b>Adjustments</b>			
Accounting of GETL	C.1	(59.39)	(31.35)
Capitalisation of items earlier classified as inventory	C.2	4.29	-
Provision for expected credit losses on trade receivables	C.4	(3.80)	(4.80)
Fair valuation of revenue	C.4	(4.26)	(5.16)
Fair valuation of investments	C.5	0.80	0.23
Fair valuation of derivatives	C.6	43.94	(27.71)
Foreign currency customer advances adjustment	C.7	4.28	-
Proposed dividend	C.8	-	238.29
Deferred tax	C.12	(15.66)	12.96
<b>Total adjustment to equity</b>		<b>(29.80)</b>	<b>182.46</b>
<b>Total equity under Ind AS</b>		<b>2,994.02</b>	<b>2,536.19</b>

## B.3 Effect of Ind AS adoption on the consolidated statement of profit and loss for the year ended 31 March 2016

	Note No.	31 March 2016 (Last period presented under previous GAAP)			
		Previous GAAP*	Effect of transition to Ind AS		Ind AS
			Accounting of GETL (see note C.1)	Others	
Revenue from operations	C.1, C.7	8,235.56	(837.42)	(2.94)	7,395.20
Other income	C.1, C.4, C.5, C.6, C.7	123.92	8.12	80.32	212.36
<b>Total income</b>		<b>8,359.48</b>	<b>(829.30)</b>	<b>77.38</b>	<b>7,607.56</b>
<b>Expenses</b>					
Cost of materials consumed	C.1	4,938.06	(671.35)	-	4,266.72
Changes in inventories of finished goods and work-in-progress	C.1	(405.42)	151.17	-	(254.25)
Excise duty on sale of products	C.1, C.9	265.83	0.12	-	265.95
Employee benefits expense	C.1, C.10	704.96	(26.95)	3.89	681.90
Finance costs	C.1	13.77	(10.34)	-	3.43
Depreciation and amortisation expense	C.1, C.2	161.24	(21.35)	12.79	152.67
Impairment loss on financial assets (including reversals of impairment losses)	C.1, C.4	(4.81)	(1.22)	(1.00)	(7.03)
Other expenses	C.1, C.2	1,036.29	(155.23)	(17.08)	863.98
<b>Total expenses</b>		<b>6,709.92</b>	<b>(735.15)</b>	<b>(1.40)</b>	<b>5,973.37</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

(₹ in Million)

	Note No.	31 March 2016 (Last period presented under previous GAAP)			Ind AS
		Previous GAAP*	Effect of transition to Ind AS		
			Accounting of GETL (see note C.1)	Others	
<b>Profit before share of net profit of investments accounted for using equity method and tax</b>		<b>1,649.56</b>	<b>(94.15)</b>	<b>78.78</b>	<b>1,634.19</b>
Share of net profit of joint venture accounted for using the equity method	C.1	-	36.05	-	36.05
<b>Profit before tax</b>		<b>1,649.56</b>	<b>(58.10)</b>	<b>78.78</b>	<b>1,670.24</b>
Tax expense:					
- Current tax	C.1	544.96	(21.10)	-	523.86
- Deferred tax	C.1, C.12	(1.77)	(8.95)	27.27	16.55
<b>Total tax expense</b>		<b>543.19</b>	<b>(30.05)</b>	<b>27.27</b>	<b>540.41</b>
<b>Profit for the year</b>		<b>1,106.37</b>	<b>(28.05)</b>	<b>51.51</b>	<b>1,129.83</b>
Other comprehensive income					
A (i) Items that will not be reclassified to profit or loss					
- Remeasurements of the defined benefit plans	C.10	-	-	3.89	3.89
- Share of other comprehensive income of joint venture accounted for using the equity method	C.1	-	0.01	-	0.01
		-	<b>0.01</b>	<b>3.89</b>	<b>3.90</b>
A (ii) Income tax relating to items that will not be reclassified to profit & loss					
	C.12	-	-	1.35	1.35
		-	<b>0.01</b>	<b>2.54</b>	<b>2.55</b>
B (i) Items that may be reclassified to profit or loss					
- Exchange differences arising on translating the foreign operations	C.1	-	-	0.61	0.61
		-	-	<b>0.61</b>	<b>0.61</b>
B (ii) Income tax relating to items that may be reclassified to profit & loss					
		-	-	-	-
		-	-	<b>0.61</b>	<b>0.61</b>
<b>Other comprehensive income for the year, net of tax</b>	C.1, C.11	-	<b>0.01</b>	<b>3.15</b>	<b>3.16</b>
<b>Total comprehensive income for the year</b>		<b>1,106.37</b>	<b>(28.04)</b>	<b>54.66</b>	<b>1,132.99</b>

\*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

## B.4 Reconciliation of total comprehensive income for the year ended 31 March 2016

(₹ in Million)

	Note No.	31 March 2016 (Last period presented under previous GAAP)
<b>Profit as per previous GAAP</b>		<b>1,106.37</b>
<b>Adjustments:</b>		
Accounting of GETL	C.1	(28.05)
Capitalisation of items earlier classified as inventory	C.2	4.29
Provision for expected credit losses on trade receivables	C.4	1.00
Fair valuation of revenue	C.4	0.90
Fair valuation of investments	C.5	0.57
Fair valuation of derivatives	C.6	71.65
Foreign currency translation adjustments	C.7	4.26
Remeasurements of defined benefit plans	C.10	(3.89)
Deferred tax	C.12	(27.27)
<b>Total effect of transition to Ind AS</b>		<b>23.46</b>
<b>Profit for the year as per Ind AS</b>		<b>1,129.83</b>
Other comprehensive income for the year (net of tax)	C.1, C.7, C.10, C.11 & C.12	3.16
<b>Total comprehensive income under Ind AS</b>		<b>1,132.99</b>

Note: Under previous GAAP, total comprehensive income was not reported. Therefore, the above reconciliation starts with profit under previous GAAP.

## B.5 Effect of Ind AS adoption on the consolidated statement of cash flows for the year ended 31 March 2016

(₹ in Million)

	Note No.	31 March 2016 (Last period presented under previous GAAP)			
		Previous GAAP*	Effect of transition to Ind AS		Ind AS
			Accounting of GETL (see note C.1)	Others	
Net cash flows from operating activities	C.1, C.2	1,464.14	(85.38)	18.09	1,396.85
Net cash flows from investing activities	C.1, C.2	(522.15)	82.87	(18.09)	(457.37)
Net cash flows from financing activities	C.1	(706.19)	10.13	-	(696.06)
<b>Increase (decrease) in cash and cash equivalents</b>	C.1	<b>235.80</b>	<b>7.62</b>	-	<b>243.42</b>
Increase (decrease) in cash and cash equivalents due to foreign exchange variation		1.35	-	-	1.35
<b>Net increase (decrease) in cash and cash equivalents</b>	C.1	<b>237.15</b>	<b>7.62</b>	-	<b>244.77</b>
<b>Cash and cash equivalents at the beginning of the year</b>	C.1	<b>80.50</b>	<b>(35.73)</b>	-	<b>44.77</b>
<b>Cash and cash equivalents at the end of the year</b>	C.1	<b>317.65</b>	<b>(28.11)</b>	-	<b>289.54</b>

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

## C. NOTES TO FIRST-TIME ADOPTION:

### C.1 Accounting of GE Triveni Limited (GETL)

Under the previous GAAP, an entity controls another entity when it has ownership, directly or indirectly, of more than one-half of the voting power of the other entity or control over the composition of the board of directors, so as to obtain economic benefit from its activities. In the case of GE Triveni Limited (GETL), since the Company held more than 50% equity shares of GETL, it was considered as a subsidiary under previous GAAP and accordingly accounted for by combining the financial statements of GETL with the Company's financial statements on a line by line basis as prescribed in AS 21 *Consolidated Financial Statements*. However under Ind AS, based on a control assessment carried out in accordance with Ind AS 110 *Consolidated Financial Statements* and Ind AS 111 *Joint Arrangements* (as explained in note 2(a)(i)), GETL has been assessed as a joint venture of the Group and accordingly accounted for following the equity method of accounting. Consequent to the change in accounting, all items of financial statements of GETL (net of consolidation adjustments) earlier combined in consolidated financial statements (as disclosed in above tables) under previous GAAP have been derecognised and investment in GETL alongwith Group's share in profits and other comprehensive income of GETL in accordance with Ind AS is recognised (as disclosed in above tables).

### C.2 Property, plant and equipment

Under the previous GAAP, the Group had classified and accounted the items of machinery spares, stores, tools etc. as fixed assets or inventory in accordance with AS 10 *Accounting for Fixed Assets* and AS 2 *Valuation of Inventories*. Ind AS 16 *Property, Plant and Equipment* requires tangible assets to be classified as property, plant and equipment (PPE) if they are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and are expected to be used during more than one period. Depreciation charge shall start on such assets upon capitalisation on date of ready to use. Based on the assessment performed by the management, it has been determined that some assets earlier classified as inventories as per previous GAAP qualify to be classified as items of PPE in accordance with Ind AS 16. Consequently, inventories is reduced by ₹ 15.44 Million as at 31 March 2016 (1 April 2015: ₹ 14.44 Million), PPE is increased by ₹ 19.73 Million as at 31 March 2016 (1 April 2015: ₹ 14.44 Million), other expenses for the year ended 31 March 2016 is decreased by ₹ 17.08 Million and depreciation for the year ended 31 March 2016 is increased by ₹ 12.79 Million. Total equity is increased by ₹ 4.29 Million as at 31 March 2016 (1 April 2015: ₹ Nil), profit for the year ended 31 March 2016 is increased by ₹ 4.29 Million and net cash flows from operating activities is increased by ₹ 18.09 Million alongwith decrease in net cash flows from investing activities with the equivalent amount.

### C.3 Leasehold land

Under the previous GAAP, leasehold land were scoped out of AS 19 *Leases* and hence all such lands were capitalised and formed part of PPE. Under Ind AS, since now the leasehold land is scoped in Ind AS 17 *Leases*, in view of terms of the lease of land at Sompura being in the nature of finance lease, the Group has accounted for such land in accordance with Ind AS 17 and continued to disclose the same under PPE. There is no impact on the total equity or profit as a result of this adjustment.

### C.4 Trade receivables and fair valuation of revenue

As per Ind AS 109 *Financial Instruments*, the Group is required to apply expected credit loss model for recognising the allowance for doubtful debts. As a result, the allowance for doubtful debts is increased by ₹ 3.80 Million as at 31 March 2016 (1 April 2015: ₹ 4.80 Million). Consequently, the total equity as at 31 March 2016 is decreased by ₹ 3.80 Million (1 April 2015: ₹ 4.80 Million) and profit for the year ended 31 March 2016 is increased by ₹ 1.00 Million.



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

As per Ind AS 18 *Revenue*, revenue shall be measured at the fair value of the consideration received or receivable and accordingly in case where an entity has provided credit period (beyond normal credit period) without interest or at below-market interest rate, fair valuation of the consideration is determined by discounting all future receipts using an imputed rate of interest. Based on the assessment performed by the management, it has been determined that in one revenue contract there is some component of implicit financing built in the commercial terms and accordingly revenue is accounted for at fair value. Consequently, trade receivables is reduced by ₹ 4.26 Million as at 31 March 2016 (1 April 2015: ₹ 5.16 Million), other income for the year ended 31 March 2016 is increased by ₹ 0.90 Million. Total equity is decreased by ₹ 4.26 Million as at 31 March 2016 (1 April 2015: ₹ 5.16 Million) and profit for the year ended 31 March 2016 is increased by ₹ 0.90 Million.

## C.5 Fair valuation of investments

Under the previous GAAP, current investments in mutual funds were carried at lower of cost or fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in retained earnings as at the date of transition and subsequently in the profit or loss for the year ended 31 March 2016. Consequently, current investments is increased by ₹ 0.80 Million as at 31 March 2016 (1 April 2015: ₹ 0.23 Million), other income for the year ended 31 March 2016 is increased by ₹ 0.57 Million. Total equity is increased by ₹ 0.80 Million as at 31 March 2016 (1 April 2015: ₹ 0.23 Million) and profit for the year ended 31 March 2016 is increased by ₹ 0.57 Million.

## C.6 Fair valuation of derivatives

Under the previous GAAP, in respect of derivative contracts relating to firm commitments or highly probable forecast transactions, provision was made for mark to market losses, if any, at the balance sheet date and gains, if any, were not recognised till settlement. Foreign exchange forward contracts (not relating to firm commitments or highly probable forecast transactions and not intended for trading or speculative purposes) were translated at the balance sheet date. Any gain/loss on translation or settlement were recognised in profit or loss. The difference between the forward rate and exchange rate at the inception of foreign exchange forward contract was amortised as expense or income over the life of the contracts. Under Ind AS, derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately. Consequently, unamortised premium of ₹ 7.17 Million as at 31 March 2016 (1 April 2015: ₹ 6.69 Million) is derecognised, derivative assets is increased by ₹ 36.77 Million as at 31 March 2016 (1 April 2015: decreased by ₹ 34.40 Million), other income for the year ended 31 March 2016 is increased by ₹ 71.65 Million. Total equity is increased by ₹ 43.94 Million (1 April 2015: decreased by ₹ 27.71 Million) and profit for the year ended 31 March 2016 is increased by ₹ 71.65 Million.

## C.7 Foreign currency translation adjustments

Foreign currency translation adjustments mainly comprises the effect of variation on restatement of customer advances. Under the previous GAAP, the Group had earlier considered foreign currency customer advances as a monetary item and had accordingly restated its year end balances at year end foreign exchange rates and recognised sales against such advances were at the foreign exchange rates at the date of sales (i.e. at foreign exchange rates that is different from foreign exchange rates at which customer advances were recognised). However under Ind AS, Ind AS 21 *The Effects of Changes in Foreign Exchange Rates*, foreign currency advances should be treated as non-monetary item and therefore such advances would not be restated for any subsequent changes in exchange rates and related sales transaction, to the extent of advance received, would be recognised at the same foreign exchange rate at which customer advances were recognised. Consequent to the change in the treatment of foreign currency variations, customer advances is decreased by ₹ 4.28 Million as at 31 March 2016 (1 April 2015: ₹ Nil), sales for

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

the year ended 31 March 2016 is decreased by ₹ 2.94 Million, other income for the year ended 31 March 2016 is increased by ₹ 7.20 Million and gain on translation of foreign operations for the year year ended 31 March 2016 is increased by ₹ 0.02 Million. Total equity is increased by ₹ 4.28 Million as at 31 March 2016 (1 April 2015: ₹ Nil), profit for the year ended 31 March 2016 is increased by ₹ 4.26 Million and other comprehensive income for the year ended 31 March 2016 is increased by ₹ 0.02 Million.

## C.8 Proposed dividend

Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before approval of the consolidated financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend of ₹ Nil as at 31 March 2016 (1 April 2015: ₹ 238.29 Million) included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity is increased by an equivalent amount.

## C.9 Excise duty

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of products is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses. This change has resulted in an increase in total revenue and total expenses for the year ended 31 March 2016 by ₹ 265.95 Million. There is no impact on the total equity and profit.

## C.10 Remeasurements of defined benefit plans

Under Ind AS, remeasurements on defined benefit plans i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended 31 March 2016 is decreased by ₹ 3.89 Million. There is no impact on the total equity as at 31 March 2016.

## C.11 Other comprehensive income

Under the previous GAAP, there was no concept of other comprehensive income. Under Ind AS, specified item of income, expense, gains or losses are required to be presented in other comprehensive income.

## C.12 Deferred tax

Under the previous GAAP, deferred tax accounting is done using income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 *Income Taxes* requires to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on temporary differences which were not required under previous GAAP in addition to the various temporary differences consequent to Ind AS transitional adjustments. Consequently, deferred tax liabilities (net) is increased by ₹ 15.66 Million as at 31 March 2016 (1 April 2015: decreased by ₹ 12.96 Million) and tax expense for the year ended 31 March 2016 is increased by ₹ 28.62 Million. Total equity is decreased by ₹ 15.66 Million as at 31 March 2016 (1 April 2015: increased by ₹ 12.96 Million), profit for the year ended 31 March 2016 is decreased by ₹ 27.27 Million and other comprehensive income for the year ended 31 March 2016 is decreased by ₹ 1.35 Million.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2017

## C.13 Retained earnings

Retained earnings as at 1 April 2015 has been adjusted consequent to the above Ind AS transition adjustments.

## 49. RECENT ACCOUNTING PRONOUNCEMENTS

The Ministry of Corporate Affairs (MCA) vide notification dated 17 March 2017 has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and has amended Ind AS 7 *Statement of Cash Flows*. The amendments to Ind AS 7 requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 April 2017. Application of this amendments will not have any recognition and measurement impact. However, it will require additional disclosure in the consolidated financial statements.

## 50. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved for issue by the Board of Directors of the Company on 18 May 2017 subject to approval of shareholders.

As per our report of even date attached

**For J.C. Bhalla & Company**

**Chartered Accountants**

Firm's registration number : 001111N

**Sudhir Mallick**

Partner

Membership No. 80051

Place : Noida (U.P.)

Date : May 18, 2017

For and on behalf of the Board of Directors of Triveni Turbine Limited

**Dhruv M. Sawhney**

Chairman & Managing Director

**Deepak Kumar Sen**

Executive Vice President & CFO

**Lt. Gen. K K Hazari (Retd.)**

Director & Chairman Audit Committee

**Rajiv Sawhney**

Company Secretary







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