

# SERVOTECH POWER SYSTEMS LIMITED

PRODUCE GREEN TO LIVE GREEN

## ANNUAL REPORT 2017-2018











## CORPORATE INFORMATION

**Managing Director**

Mr. Raman Bhatia

**Executive Director**

Mrs. Sarika Bhatia

**Non-Executive Independent Director**

Mr. Pankaj Dawar

**Non-Executive Independent Director**

Mr. Sahiel Khurana

**Non-Executive Independent Director**

Mr. Yogesh Mahajan

**Company Secretary and Compliance officer**

Ms. Mansi Gupta

**Statutory Auditor**

Gupta Jalan & Associates,  
Chartered Accountants

**Bankers**

United Bank of India  
YES Bank Limited

**Registrar & Share Transfer Agent**

Bigshare Services Private Limited

**Registered Office**

806, 8th Floor, Crown Heights, Hotel Crowne Plaza,  
Sector-10, Rohini, New Delhi-110085







# LETTER TO SHAREHOLDERS

Our Company was incorporated as Servotech Power Systems Private Limited under the provisions of the Companies Act, 1956 vide certificate of incorporation dated September 24, 2004. Subsequently, our Company was converted into public limited company and the name of our Company was changed to "Servotech Power Systems Limited" pursuant to shareholder's resolution dated April 29, 2017 and vide fresh certificate of incorporation dated May 24, 2017

Every Milestone is a Stepping Stone to Greater Success!!

Servotech Power Systems Ltd is a company of repute in power conditioning and LED lighting business of the power industry. The company has a great track record of high quality leadership and unflinching commitment to excellence. Ours is an 14 years young company built on ideals, innovations and exciting contemporary changes. The organization bases its business around free flowing inventive ideas and its products are manifestations of these very ideas. Servotech focuses on qualitative changes, latest trends and techniques, hence always recognized as a futuristic company which understands the pulse and breathing of time.

The global Power Industry is replete with mind-blowing changes and challenges. The company is geared up to meet the fast shift in technology, demanding price levels and customer specific needs. Our R & D at Delhi and overseas subsidiaries have been adequately upgraded and are ready to meet the increasing challenges and absorb the emerging opportunities that will augment strong growth options for the company. To meet the large volume mass production levels, our new manufacturing facility in Delhi came into operation earlier this year. This state of the art facility has capabilities to manufacture High capacity UPS, Home UPS, Servo Stabilizers and LED Light products. We look forward to a very large leap in our growth with the support of all our esteemed customers, employees and other associate team members. I have requested our Servotech family members to implement "ACT NOW" policy so that customer needs are sufficiently and timely addressed. We have already achieved good success with this implementation policy.

I would like to sincerely thank our customers, supplies and financial associates for their unwavering support and faith in Servotech and assure them that the company is incessantly reaching new heights with new products, technology, trends and acquiring a special place in global markets too.

My best wishes to all of you  
With Best Regards

Raman Bhatia  
Managing Director



# INDEX

| S.No. | Content  | Page No. |
|-------|--|----------|
| 1.    | Notice of 14th Annual General Meeting                  | 1-8      |
| 2.    | Directors Report                                       | 9-19     |
| 3.    | Management Discussion and Analysis Report (Annexure-I) | 20-22    |
| 4.    | Extract of Annual Return(MGT-9) (Annexure-II)          | 23-31    |
| 5.    | Secretarial Audit Report (Annexure-III)                | 32-34    |
| 6.    | Nomination & Remuneration Policy                       | 35-40    |
| 7.    | Report on Corporate Governance                         | 41-53    |
| 8.    | Compliance Certificate on Corporate Governance         | 54       |
| 9.    | CFO Certification                                      | 55       |
| 10.   | Independent Auditors Report                            | 56-61    |
| 11.   | Balance Sheet  | 62       |
| 12.   | Statement of Profit & Loss                             | 63-64    |
| 13.   | Cash Flow Statement                                    | 65-66    |
| 14.   | Notes of forming part of financial statement           | 67-81    |
| 15.   | Attendance Slip  | 82       |
| 16.   | Proxy Form   | 83-84    |
| 17.   | Route Map to the venue of AGM                          | 85       |





# NOTICE

Notice is hereby given that the 14<sup>th</sup> Annual General Meeting(AGM) of the Members of **Servotech Power Systems Limited("the Company")** will be held on Saturday, the 29<sup>th</sup> day of September, 2018 at 09:00 A.M. at Hotel Crowne Plaza, Twin District Centre, Sector- 10 Rohini, New Delhi-110085 In to transact the following business:-

## **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Financial Statement of the Company for the Financial Year ended on 31<sup>st</sup> March, 2018 along with the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mrs. Sarika Bhatia (DIN: 00155602), who retires by rotation at this Annual General Meeting, and being eligible, offers herself for Re- Appointment.
3. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to Section 139,141,142 and other applicable provisions of the Companies Act, 2013 read with the Companies(Audit and Auditors) Rules 2014 including any statutory modification(s) or enactments thereof for the time being in force and subject to all the applicable laws, rules and regulations made thereunder as amended from time to time and pursuant to the recommendations of Audit Committee and the Board of Directors and pursuant to the resolution passed member in Annual General Meeting(AGM) held on 30<sup>th</sup> September 2016, the appointment of M/s. Gupta Jalan and Associates,(FRN No. 03721N) Chartered Accountants as Statutory Auditors of the Company to hold office from conclusion of this meeting until the conclusion of the 15<sup>th</sup> Annual General Meeting be and are hereby approved on a remuneration to be fixed by the Board of Directors of the Company."

## **SPECIAL BUSINESS:**

### **4. APPOINTMENT OF YOGESH MAHAJAN (DIN:03494048) AS INDEPENDENT DIRECTOR OF THE COMPANY**

To consider and if thought fit, to pass the following resolution as Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 161 of the Companies Act 2013 and rules made thereunder, Mr. Yogesh Mahajan (DIN: 03494048) who was appointed as Additional Director of the Company by the Board of Directors of the Company with effect from 29<sup>th</sup> May 2018, and who hold office until the date of AGM, in terms of section 161 of the Companies Act, 2013 be and is hereby appointed as the Independent Director of the Company not liable to retire by rotation."



**“RESOLVED THAT** on the recommendation of Nomination and Remuneration Committee and pursuant to the provisions of sections 149,150,152,161,162 of the Companies Act 2013 read with the Companies (Appointment and Qualifications of Directors) Rules 2014, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and in respect of whom a notice under section 160 under Companies Act,2013 has been received from a member proposing his candidature for the office of Director, consent of the Company be and is hereby accorded for appointment of Mr. Yogesh Mahajan (03494048) as the Independent Director of the Company not liable to retire by rotation and will hold office of Director for a period of 5(Five) years w.e.f 29<sup>th</sup> May 2018.”

**“RESOLVED FURTHER THAT** the Board of Directors or the Company Secretary be and are hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem desirable, necessary, expedient, usual or proper to give effect to this resolution.”

**For and on behalf of the Board of Directors of  
Servotech Power Systems Limited**

**Mansi Gupta  
Company Secretary  
ACS No.: 55341**

**Place: New Delhi  
Date: 04.09.2018  
Telephone: +91-011-41117657  
Website: [www.servotech.in](http://www.servotech.in)  
Email id: [servotech@servotechindia.com](mailto:servotech@servotechindia.com)**

**Notes:-**

1. A member entitled to attend and vote in the meeting is also entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member. Proxies in order to be effective must be received of proxy form by the Company not less than 48 hours before the commencement of the meeting. Members/ Proxies should bring their attendance slip duly filled in order to attend the meeting. A person can act as proxy on behalf of members' not exceeding fifty(50) and holding in the aggregate not more than ten (10) percent of the total share capital of the Company. A member holding more than 10% of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
2. The Explanatory Statement pursuant to section 102 of the Companies Act, 2013 is annexed hereunder and forms part of the Notice.
3. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
4. The Register of Members and Share Transfer Book of the Company shall remain closed from **Thursday, 20th September, 2018 to Saturday, 29th September, 2018** (both days inclusive)
5. Members are requested to bring their copies of the Annual Report with them, since separate copies will not be distributed at the venue of the Annual General Meeting.
6. The shareholders are hereby informed that all the correspondence in connection with the shares is addressed to the Registrar & Share Transfer Agent, Bigshare Services Private Limited
7. Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the Meeting.
8. Members are requested to notify any change in their addresses to the Company immediately. Members holding shares in electronic form are requested to advise change of addresses to their Depository Participants.
9. Members are requested to affix their signatures at the space provided on the attendance slip annexed to proxy form and handover the slip at the entrance of the meeting hall. Corporate members are requested to send a duly certified copy of the board resolution / power of attorney authorizing their representatives to attend and vote at the Annual General Meeting.
10. Members are requested to send their queries, if any, at least seven days in advance of the meeting.
11. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company.
12. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend.
13. The Company or its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members. Members holding shares in physical form and desirous of either registering bank particulars or changing bank particulars already registered against their respective folios for payment of dividend are requested to write to the Company.



14. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the Concerned Depository Participant and holdings should be verified.
15. Electronic copy of the Notice of the 14th Annual General Meeting of the Company inter alia indicating the process and manner of E-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 14th Annual General Meeting of the Company inter alia indicating the process and manner of E-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
16. Members may also note that the Notice of the 14th Annual General Meeting and the Annual Report for 2017-18 will also be available on the Company's website at [www.servotech.in](http://www.servotech.in). The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours (11.00 A.M. to 5.00 P.M.) on all working days except Saturdays and Sundays, up to and including the date of the Annual General Meeting of the Company. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost.
17. The shareholders may also send requests to the Company's Compliance officer email id: [cs@servotechindia.com](mailto:cs@servotechindia.com)
18. Pursuant to Section 108 of Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of SEBI LODR, 2015, the Company is pleased to provide the facility to members to exercise their right to vote on the resolutions proposed to be passed in the AGM by electronic means. The members whose names appear in the Register of Members/ List of Beneficial owners as on **Wednesday, 19th September, 2018 i.e. the date prior to the commencement of Book Closure, being the cut-off date**, are entitled to vote on the Resolutions set forth in this Notice. Members may cast their votes on electronic voting systems from any place other than the venue of the meeting (remote e-voting). The remote e-voting will commence at **9:00 a.m. on Wednesday, 26th September 2018 and will end at 5:00 p.m. on Friday, 28th September, 2018**. In addition, the facility of voting through electronic voting system shall also be made available at the AGM and the members attending the AGM who have not cast their vote by remote e-voting shall be eligible to vote at the AGM. The Members desiring to vote through remote e-voting are requested to refer to the detailed procedure given hereinafter.

## 19. VOTING PROCESS

- i In terms of Section 108 of the Companies Act, 2013 read with the Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company has engaged the services of CDSL to provide the facility of electronic voting (e-voting) in respect of the Resolutions proposed at this AGM. The Board of Directors of the Company has appointed, A Divay And Company as the Scrutinizer for this purpose.
- ii That the facility for voting, through Ballot paper shall also be made available at the meeting & members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting through Ballot Paper.

III. That the Members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

E-voting- The instructions for shareholders voting electronically are as under:

1. The voting period begins at **9:00 a.m. on Wednesday, 26th September 2018 and will end at 5:00 p.m. on Friday, 28th September, 2018.** During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Wednesday, 19th September, 2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
2. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
3. Click on Shareholders / Members
4. Now Enter your User ID
  - a) For CDSL: 16 digits beneficiary ID,
  - b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c) Members holding shares in Physical Form should enter Folio Number registered with the Company.
5. Next enter the Image Verification as displayed and Click on Login.
6. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

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

|                           | For Members holding shares in Demat Form and Physical Form   |
|---------------------------|--|
| PAN                       | <p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</p> <p>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</p> |
| Dividend Bank Details     | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.   |
| OR<br>Date of Birth (DOB) | If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).   |



7. After entering these details appropriately, click on “SUBMIT” tab.
8. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
9. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
10. Click on the EVSN for the relevant <Company Name> on which you choose to vote.
11. On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
12. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
13. After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
14. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
15. You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
16. If a demat account holder has forgotten the changed login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
17. Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

**Note for Non – Individual Shareholders and Custodians**

Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.

A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

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

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

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

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

**Details of Directors recommended for Appointment, Re-appointment under regulation 36(3) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

|   |   |
|---|---|
| Name of Director  | Mr. Yogesh Mahajan  |
| Date of Birth   | 4 th August, 1968   |
| Expertise in specific functional areas  | He is a Science Graduate and have more than 25 Years of practical experience to his credit in senior capacity |
| Date of appointment   | 29th May, 2018  |
| No. of Equity Share held in the Company                                       | N.A.  |
| Disclosure of relationships between directors inter-se                        | No relation   |
| Qualification   | Science Graduate, PGDBM( MBA) in Marketing and Finance from IMT   |
| List of outside Directorship held in Public Company                           | -   |
| Chairman/Member of the Committee of the Board of Directors of other Companies | Nil   |



**EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 (THE "ACT"):**

The following Statement sets out all material facts relating to the special businesses mentioned in the accompanying Notice.

**Item No. 3**

M/s Gupta Jalan and Associates, Chartered Accountants, were appointed as Statutory Auditors of the company in the 12th AGM held on 30<sup>th</sup> September 2016 to hold office till the conclusion of 17th Annual General Meeting to be held in the calendar year 2021.

Accordingly, the approval for appointment of M/s Gupta Jalan and Associates, Chartered Accountants, as Statutory Auditors of the Company, is placed before the shareholders. In this regard, the Company has received a certificate from the auditors to the effect that if they are reappointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

None of the Directors of the Company or their relatives are concerned or interested financially or otherwise, in the resolution set out at item No. 3.

The Board recommends the resolution at item No. 3 for approval of the members.

**Item No.4**

The Board of Directors in its meeting held on 29th May, 2018 appointed Mr. Yogesh Mahajan (03494048) as an Additional Director of the Company, in accordance with the provisions of Section 161 of the Companies Act, 2013, read with the Articles of Association of the Company. Pursuant to Section 161 of the Companies Act, 2013, the above director holds office only up to the date of the ensuing Annual General Meeting of the Company.

- i) The Board is of the view that the appointment of Mr. Yogesh Mahajan on the Company's Board as Director is desirable and would be beneficial to the Company and hence it recommends the said Resolution No. 4 for approval by the members of the Company.
- ii) The Company has also received declaration from Mr. Yogesh Mahajan that he meets the criteria of Independence as prescribed both in the sub-section(6) of Section 149 of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
- iii) None of the Directors/Key Managerial Personnel of the Company/their relatives, except Mr. Yogesh Mahajan himself, is in any way concerned or interested, in the said resolution.

The Board recommends the said resolution to be passed as an ordinary resolution.

**For and on behalf of the Board of Directors of  
Servotech Power Systems Limited**

**Place: New Delhi**  
**Date: 04.09.2018**  
**Telephone: +91-011-41117657**  
**Website: [www.servotech.in](http://www.servotech.in)**  
**E-Mail Id : [servotech@servotechindia.com](mailto:servotech@servotechindia.com)**

**Mansi Gupta**  
**Company Secretary**  
**ACS No.: 55341**

# DIRECTORS REPORT

To The Members,

Your Directors have great pleasure in presenting Fourteenth Annual Report of the Company together with the Audited Annual Accounts for the year ended 31<sup>st</sup> March 2018.

## PERFORMANCE REVIEW

During the year **(2017-18)** under review your Company recorded a turnover of ₹11456.77 lacs as compared to ₹ 8320.91 lacs in the previous year **(2016-17)** showing a increase of 37.68%. The net profit before tax stood at ₹ 551.07 lacs in the current financial year as against ₹755.52 lacs in the previous financial year, showing a decrease of 37.10%. .

In the challenging market scenario there has been slight dip in the Profitability of the Company.

## FINANCIAL HIGHLIGHTS

The salient features of Company's Financial Results for the year ended March 31, 2018 under review are as follows:

| Particulars  | Financial Year ended<br>31 <sup>st</sup> March, 2018 | Financial Year ended<br>31 <sup>st</sup> March, 2017 |
|--|--|--|
|  | (Amount in Rs.)                                      | (Amount in Rs.)                                      |
| Net Sales/Income from Business Operations                      | 112,48,49,457  | 80,95,19,588   |
| Other Income   | 2,08,27,560  | 2,25,75,629  |
| Total Income   | 114,56,77,017  | 83,20,95,217   |
| Less: Expenses   | 109,05,63,103  | 75,60,13,281   |
| Profit / Loss before tax and Extraordinary / exceptional items | 5,51,13,914  | 7,60,81,936  |
| Less: Extraordinary / exceptional items                        | 6,619  | 5,29,084   |
| Profit before tax  | 5,51,07,295  | 7,55,52,852  |
| Less: Current Income Tax                                       | 1,52,00,000  | 2,47,75,204  |
| Less: Previous year adjustment of Income Tax                   | 50,950   | 1,97,143   |
| Less Deferred Tax  | 3,67,313   | 5,48,255   |
| Net Profit after Tax   | 3,94,89,032  | 5,00,32,250  |
| Earnings per share (Basic)                                     | 2.16   | 19.54  |
| Earnings per Share(Diluted)                                    | 2.16   | 19.54  |



## **DIVIDEND**

In view of the inadequate profit, during the year and need to conserve resources for the expansion of the business of your Company, Board expresses its inability to declare any dividend for the financial year 2017-2018.

## **BOARD EVALUATION**

Pursuant to the provisions of the Companies Act, 2013, and SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, the Board, in consultation with its Nomination & Remuneration Committee has formulated a framework containing, inter alia, the criteria for performance evaluation of the entire Board of the Company, its Committee and Individual Directors, including Independent Directors.

A structured questionnaire was prepared after taking into consideration of the various aspects of the Board its functioning, composition of the Board and its Committees, culture, execution and performance of specific duties, obligations and governance.

The Independent Directors had met separately without the presence of Non-Independent Directors and the members of management and discussed, inter alia, the performance of Non-Independent Directors and Board as a whole and the performance of the Chairman of the Company after taking into consideration the views of Executive and Non-Executive directors.

The Nomination and Remuneration Committee has also carried out evaluation of every Director & their performance.

The performance evaluation of all the Independent Directors have been done by the entire Board, excluding the Director being evaluated.

The Board of Directors expressed their satisfaction with the evaluation process.

## **SUCCESSION PLANNING**

The Nomination and Remuneration Committee works with the Board on the Succession plan and prepares for the succession in case of any exigencies.

## **NUMBER OF MEETINGS OF THE BOARD**

The details of the number of meetings of the Board held during the Financial Year 2017-18 forms part of the Corporate Governance Report.

## **AUDITORS**

M/s. Gupta Jalan and Associates, Chartered Accountants, (FRN No. 03721N), the Statutory Auditors of the Company to hold office up to the forthcoming Annual General Meeting of the company and are eligible for re-appointment and have confirmed their eligibility and willingness to accept the office of the auditors, if re-appointed.

The Company has received letter from them that their re-appointment, if made, would be within the prescribed limits under Section 139 of the Companies Act, 2013 and that they are not disqualified for re-appointment.

The Board of Directors have recommended to appoint M/s. Gupta Jalan and Associates, Chartered Accountants, (FRN No. 03721N) as the Statutory Auditors of the Company to audit the accounts of the Company for the financial year 2018-19.

The Notes on Financial Statements referred to in the Auditors Report are self explanatory and do not call for any further comments. The Auditors; Report does not contain any qualification, reservation or adverse remark.

#### **COST AUDITORS**

As per the new Companies (Cost Records and audit) Rules 2014 the appointment of Cost Auditor is not required for your Company has maintained cost accounting records for the period 2017-18.

#### **INTERNAL FINANCIAL CONTROLS**

In terms of section 134 of The Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 The Company has adequate system of Internal Financial Control to safeguard and protect from loss, unauthorized use or disposition of its assets. All the transactions are properly authorized, recorded and reported to the Management. The Company is following all the applicable Accounting Standards for properly maintaining the books of accounts and reporting financial statements. The Internal Auditor of the Company also checks and verifies the internal financial control and monitors them.

#### **RISK MANAGEMENT**

Your Company is well aware of risks associated with its business operations. Comprehensively risk management system is being put in place involving classification of risk, adoption of risk management measures and a strong mechanism to deal with potential risks and situation leading to a rise of risks in an effective manner.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO**

Pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, the following information is provided:

| <b>(A) CONSERVATION OF ENERGY</b>   |  |
|---|--|
| The steps taken or impact on conservation of energy   | 1. Installed 3KW Solar power plant for Basement area that saves electricity bill – Rs. 55000- Rs. 60000 per year   |
| The steps taken by the company for utilizing alternate source of energy   | 1. Installed 500 KWp Grid Interactive Solar Power plant<br>2. Project 452 KWp Grid Interactive Solar Power plant in BPCL - are in progress<br>3. 72 KW Grid Interactive Solar Power plant in IOCL- are in progress |
| The capital investment on energy conservation equipment   | Rs. 3 crore  |
| <b>(B) TECHNOLOGY ABSORPTION</b>  |  |
| The efforts made towards technology absorption  | 1. For Solar home light we are developing/outsource MPPT solar charge controller for home light with LiFePO4 battery.<br>2. Developed 350 Watt Flood Light and Flameproof LED Light                                |
| The benefits derived like product improvement, cost reduction, product development or import substitution               | 1. 350 Watt Flood Light cost reduce as per market value<br>2. Flame proof LED Lights cost reduce   |
| In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) | NA   |
| The expenditure incurred on research and development  | Rs. 796906.31  |

| <b>(C) DETAILS OF FOREIGN CURRENCY TRANSACTIONS</b>            | Rs          |
|--|-------------|
| The company has any income in Foreign Currency during the year | NIL         |
| The company has incurred any expenditure in Foreign Currency   | 6,80,15,779 |



## BOARD OF DIRECTORS

The Company is enriched with highly qualified professionals and responsive Board of Directors. It is composed of Executive as well as Non- Executive Directors including Women Director. The details for Composition of Board of Directors of the Company as on date are as follows:

| S. No. | Name           | Designation          |
|--------|----------------|----------------------|
| 1.     | Raman Bhatia   | Managing Director    |
| 2.     | Sarika Bhatia  | Executive Director   |
| 3.     | Pankaj Dawar   | Independent Director |
| 4.     | Yogesh Mahajan | Independent Director |
| 5.     | Sahiel Khurana | Independent Director |

In accordance with the Companies Act, 2013 and the Articles of Association of the Company, Mrs. Sarika Bhatia retires by rotation at the ensuing Annual General Meeting and, being eligible, has offered herself for re-appointment. Your Board has recommended her Re-appointment as Executive Director of the Company.

Further following changes at took place in the board of the Company during the Financial Year and up to date are as under:

### APPOINTMENTS ON THE BOARD

- Mr. Raman Bhatia was Re-designated from Executive Director to Managing Director of the Company w.e.f. 2nd June, 2017 his appointment was further regularized at the EGM of the Company as Managing Director of the Company on 6th June 2017.
- Mr. Sahiel Khurana was appointed as Additional Director of the Company w.e.f. 2nd June 2017 and his appointment was further regularized at the EGM of the Company as Non-Executive Independent Director of the Company on 6th June 2017.
- Mr. Jagmohan Singh was appointed as Additional Director of the Company w.e.f. 2nd June 2017 and his appointment was further regularized at the EGM of the Company as Non-Executive Independent Director of the Company on 6th June 2017.
- Mr. Pankaj Dawar was appointed as Additional Director of the Company w.e.f. 2nd June 2017 and his appointment was further regularized at the EGM of the Company as Non-Executive Independent Director of the Company on 6th June 2017.
- Mr. Yogesh Mahajan was appointed as an Additional Executive Director w.e.f. 29th May 2018 and he shall hold office upto the date of ensuing Annual General Meeting. The Company has received requisite notice in writing from him proposing his candidature for appointment as Independent Director of the Company, not liable to retire by rotation for a term upto 5 (five) years.

## **RESIGNATIONS FROM THE BOARD**

- Mr. Pankaj Malik resigned as Executive Director w.e.f. 11th May 2017.
- Mr. Arun Handa resigned from the directorship of the Company w.e.f. 24th February, 2018.
- Mr. Jagmohan Singh resigned from the directorship of the Company w.e.f. 26th March, 2018.

The Company has formulated a policy on performance evaluation of the Independent Directors, Board and its Committees and other individual Directors which shall be based on, inter alia, criteria like attendance, effective participation, domain knowledge, access to management outside Board Meetings and compliance with the Code of Conduct, vision and strategy and benchmark to global peers.

On the basis of policy for performance evaluation of Independent Directors, Board, Committees and other individual directors, a process of evaluation was carried out. The performance of the Board, individual directors and Board Committees were found to be satisfactory.

Further, Independent Directors of the Company have given declaration that they meet the eligibility criteria of Independence as provided under Section 149(6) of the Companies Act, 2013 & under Regulation 17 and 72 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## **KEY MANAGERIAL PERSONNEL**

The details of Key Managerial Personnel are as under:-

| S. No. | Name   | Designation                   |
|--------|--|-------------------------------|
| 1.     | Raman Bhatia (Re designated as MD w.e.f. 06.06.2017)             | Managing Director(MD)         |
| 2.     | Ghanshyam Das Singla (Appointed as CFO w.e.f. 01.03.2018)        | Chief Financial Officer (CFO) |
| 3.     | Mansi Gupta was appointed as Company Secretary w.e.f. 01.07.2018 | Company Secretary(CS)         |

- Pallavi Sahni was appointed as Company Secretary on 02.06.2017. and resigned w.e.f. 30.06.2018
- Kamlesh Kumar Thakur (Appointed as CFO w.e.f. 02.06.2017 and Resigned from the post of CFO w.e.f. 28th February, 2018)
- Ghanshyam Das Singla was removed from the post of CFO w.e.f 31st August 2018.

## **EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of the Annual Return in form MGT-9, as required under Section 92(3) of the Companies Act, 2013 is annexed herewith as **Annexure-II** and forms an integral part of this report.

## **SECRETARIAL AUDITOR AND SECRETARIAL AUDIT REPORT**

The Board had appointed **A Divay and Company, Company Secretaries**, to conduct the Secretarial Audit for the Financial Year 2017-18. The Secretarial Audit Report for the Financial Year ended on March 31, 2018, in the prescribed format is attached herewith as **Annexure-III** to this report.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark to be explained by the Directors of the Company.

## **INTERNAL AUDITOR**

The Company has appointed M/s. GAAP and Associates, Chartered Accountants, as an Internal Auditor of the Company to conduct Internal Audit of the Company.

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Management's Discussion and Analysis Report for the year under review, as stipulated under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges in India, is presented as **Annexure-I** in this report.

## **DEPOSITS**

The Company has not accepted any deposits within the meaning of Section 73 of Companies Act, 2013 and the Companies (Acceptance of Deposit) Rules, 2014 during the Financial Year 2017-18 under review.

## **SHARE CAPITAL**

The Authorized Share capital of the Company is ₹ 190,000,000. Further Paid up Share Capital of the Company is ₹183,104,290 (Divided into equity shares of ₹ 10 each).

## **TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION AND PROJECTION FUND LISTING WITH STOCK EXCHANGES**

Your Company did not have any funds lying unpaid or unclaimed for a period of seven years. Therefore, there were no funds which were required to be transferred to Investor Education and Protection Fund (IEPF).

## **CORPORATE GOVERNANCE**

The Company is committed to maintain the highest standards of corporate governance and adhere to the Corporate Governance Requirements set out by SEBI. A detailed Corporate Governance Report of the Company in pursuance of Regulation 15 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of the Annual Report of the Company. The requisite Certificate from a Practicing Company Secretary confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Regulation 15 is attached to the Corporate Governance Report.

## **FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTOR**

Your Company has put in place a system to familiarize its Independent Directors about the Company, its Business Segment, the Industry and Business model of the Company. In addition it also undertakes various measures to update the Independent Director about the ongoing events and development relating to the Company. All the Independent Directors of the Company are made aware of their role, responsibilities & liabilities at the time of their appointment / re appointment, through a formal letter of appointment, which also stipulates various terms and conditions of their engagement, including the compliance required from him under Companies Act 2013, Listing Regulation and other various statutes and an affirmation is obtained for the same. The Detail of the Familiarization Programme for Directors are available on the Company's Website at the link – <http://servotech.in/familiarisation-programme/>



## **SUBSIDIARIES /JOINT VENTURES /ASSOCIATE COMPANIES**

During the year under review, no company became or ceased to be a Subsidiary/Joint Venture/Associate of the Company.

## **SIGNIFICANT AND MATERIAL ORDER PASSED BY THE REGULATORS OR COURT**

No significant and/or material orders were passed by any Regulators/Courts/Tribunals which impact the going concern status of the Company or its future operations.

## **MATERIAL CHANGES AND COMMITMENTS**

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

However, on August 24, 2018 - the Company received a Letter from National Stock Exchange (NSE) regarding Listing of Securities of Servotech Power Systems Limited on the Exchange and admitted to dealings on the Capital Market Segment of the Exchange w.e.f. August 24, 2018.

## **NUMBER OF MEETINGS OF THE BOARD**

The details of the number of meetings of the Board held during the Financial Year 2017-18 forms part of the Corporate Governance Report.

## **COMMITTEES**

Pursuant to the requirements under Section 177 and 178 of Companies Act, 2013 and Regulation 18,19, 20 and 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors has constituted various Committees of the Board such as Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee. The details of composition and terms of reference are in the Corporate Governance Report.

## **DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- i) In the preparation of the annual accounts for the Financial Year ended March 31, 2018, the applicable Accounting Standards read with the requirements set out under Schedule III to the Companies Act, 2013, have been followed and there are no material departures from the same;
- ii) 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 as at March 31, 2018 and of the profit and loss of the Company for the year ended on that date;
- iii) 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;
- iv) The Directors have prepared the Annual Accounts of the Company for the Financial Year ended March 31, 2018 on a 'going concern' basis;
- v) The Directors have laid down Internal Financial Control to be followed by the Company and that such internal financial control are adequate and were operating effectively; and
- vi) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## **RISK ASSESSMENT/ MANAGEMENT**

The Board of Directors of the Company is responsible for the direction and establishment of internal control to mitigate material business risks. The policy is framed to identify the element of risk for achieving its business objective and to provide reasonable assurance that all the material risks, misstatements, frauds or violation of laws and regulations will be mitigated.

## **VIGIL MECHANISM**

The Company promotes ethical behavior in all its business activities. Towards this, in compliance to the provisions of Section 177 of Companies Act, 2013, the Company has adopted a policy on Vigil Mechanism and Whistle Blower. The Company has constituted Audit Committee to process and investigate a protected disclosure made under the policy. The confidentiality of those reporting violations is maintained and they are not subjected to any discriminatory practice or victimization. The Audit Committee oversees the Vigil Mechanism. The policy on vigil mechanism and whistle blower is available on Company's website at the link <https://servotech.in/vigil-mechanismwhistle-blower-policy/>

## **RELATED PARTY TRANSACTIONS**

In terms of the provisions of Section 188 of Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company had not entered into any contract/ arrangement/ transactions with Related Parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions during the year. The policy on dealing with Related Party Transaction and policy for determining Material transactions are posted on the Company's website at the link <https://servotech.in/party-transaction-policy/>

## **PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN AND SECURITIES PROVIDED**

The details of Loans given, Investments made, Guarantees given and Securities provided by the Company are given in **Note Number 10** to the Financial Statement.

## **PARTICULARS OF EMPLOYEE AND MANAGERIAL REMUNERATION**

During the year under review, the Company does not have any employee who is drawing the remuneration in excess of the limits prescribed by provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5 (1), (2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

## **DISCLOSURES PURSUANT TO SECTION 197 (12) AND RULE 5 OF COMPANIES**

The Company has given remuneration according to the remuneration policy formulated by the Company. Further, information is as follows:

### **I. The Ratio of Remuneration of each Director to the Median Employees Remuneration of the Company for the financial year 2017-18 is as follows:**

The Ratio of Remuneration of each Director to the Median Employees Remuneration of the Company is 33.27:1

### **II. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2017-18 :**

| Name              | Designation       | % increase |
|-------------------|-------------------|------------|
| Mr. Raman Bhatia  | Managing Director | 40%        |
| Ms. Pallavi Sahni | Company Secretary | 15%        |

### **III. The percentage increase in the median remuneration of employees in the Financial Year 2017-18:**

There has been an increase of 4.95% in percentage of median remuneration paid to employees in the Financial Year 2017-18 as compared to Financial Year 2017-18

### **IV. The number of permanent employees on the rolls of Company:**

The numbers of permanent employees on the rolls of the Company are 245.

### **V. Affirmation that the remuneration is as per the remuneration policy of the Company:**

It is hereby confirmed that the remuneration in the Financial Year 2017-18 has been paid according to the remuneration policy of the Company.

### **RISK MANAGEMENT POLICY**

The Board of Directors of the company is of the view that currently no significant risk factors are present which may threaten the existence of the company.

### **CORPORATE SOCIAL RESPONSIBILITY**

The Board of Directors of the Company have constituted Corporate Social Responsibility (CSR) committee pursuant to Section 135 of Companies Act, 2013, schedule VII and relevant rules and provisions comprising Mr. Yogesh Mahajan (Chairperson), Mr. Pankaj Dawar and Mr. Sahiel Khurana as members of the Committee. The said Committee has been entrusted with the responsibility of formulating and recommending to the Board, a CSR Policy indicating the activities to be undertaken by the Company, monitoring the implementation of the framework of the CSR Policy and recommending the amount to be spent on CSR activities.

During the year under review Company has not spent any amount on CSR activities due to inadequacy of profits.

The Company donated ₹100000 for kerala relief fund on 29th August 2018.

The Corporate Social Responsibility policy is available on our website at the link <https://servotech.in/nomination-remuneration-policy/>

### **EMPLOYEES' REMUNERATION**

None of the Employees drew salary more than ₹8,50,000/- per month or ₹1,20,00,000/- in a year as required under the provisions of Section 197 (12) of the Companies Act, 2013 read with Rules 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

### **NOMINATION AND REMUNERATION POLICY**

The Board of Directors have constituted Nomination and Remuneration Committee pursuant to Section 178 of Companies Act, 2013 comprising Mr. Sahiel Khurana (Chairperson), Mr. Pankaj Dawar and Mr. Yogesh Mahajan as members of the Committee. The Board of Directors has formulated a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. The Policy also lays down the criteria for selection and appointment of Board Members.

The Nomination and Remuneration Policy is available on our website at the link <https://servotech.in/nomination-remuneration-policy/>



## **WHISTLE BLOWER POLICY/VIGIL MECHANISM**

The Board at its meeting has adopted a Whistle Blower Policy/Vigil Mechanism in accordance with the provisions of the Companies Act 2013 and SEBI (LODR), 2015 which provides a formal mechanism for all directors, employees and other stakeholders of the Company, to report to the management their genuine concerns or grievances about unethical behaviour, actual or suspected fraud and any violation of the Company's Business Code of Conduct.

The Policy also provides a direct access to the Chairperson of the Audit Committee to make protective disclosures to the management about grievances or violation of the Company's Business Code of Conduct.

The Whistle Blower policy is also available on our website at the link <https://servotech.in/vigil-mechanismwhistle-blower-policy/>

## **DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

Your Company has always believed in providing a safe and harassment free workplace for every women working in its premises through various interventions and practices. The Company always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment.

In accordance with "The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013" to provide for the effective enforcement of the basic human right of gender equality and guarantee against sexual harassment and abuse, more particularly against sexual harassment at work places, measures are laid down by the Company. During the year, there was no complaint lodged with the Company.

All employees (permanent, contractual, temporary, trainees) are covered under this policy.

## **FORMAL ANNUAL EVALUATION**

The evaluation framework for assessing the performance of Directors comprises of the following key areas:

- Attendance of Board Meetings and Board Committee Meetings;
- Quality of contribution to Board deliberations;
- Strategic perspectives or inputs regarding future growth of Company and its performance;
- Providing perspectives and feedback going beyond information provided by the management;
- Commitment to shareholder and other stakeholder interests

The evaluation involves Self-Evaluation by the Board Member and subsequently assessment by the Board.

## **ACKNOWLEDGMENT**

Your Directors wish to place on record their appreciation for the continuous support extended by all the employees, shareholders, customers, investors, government authorities and bankers for their continued support and faith reposed in the Company.

**Raman Bhatia**  
**Managing Director**  
**DIN: 00153827**

**For and on behalf of the Board of Directors of**  
**Servotech Power Systems Limited**

**Place: New Delhi**  
**Date: 04.09.2018**  
**Telephone: +91-011-41117657**  
**Website: [www.servotech.in](http://www.servotech.in)**  
**Email id: [servotech@servotechindia.com](mailto:servotech@servotechindia.com)**

**Sarika Bhatia**  
**Director**  
**DIN:00155602**

## **ANNEXURE-I**

# **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

## **STRUCTURE**

When it comes to solar power, India is swinging for the fences. Prime Minister Narendra Modi's energy agenda has set an ambitious target for renewables, with an aim to increase renewable capacity on the grid from around 57GW in May 2017 to 175GW by the end of 2022.

Servotech ("Company") is operating in the industry of LED lights bulbs, down lights, flood lights, panel lights, tube lights, and bay lights, as well as outdoor lights, such as street lights and floodlights under the brand "SAARA" for residential, industrial, and commercial applications. In addition, it manufactures and supplies a range of solar products, which include solar BLDC fans, solar home light systems, solar PWM and MPPT charge controllers, and solar pump controllers. There exists an opportunity for immense growth in the sector as the Market is New and Competitive.

The Company is operating and working towards creating a Niche Market for its products where the technical edge is more to stay ahead of our competition by capturing the untouched segments of the market resulting in huge market share in the coming future. For this, the Company is operating and delivering the kind of products which benefits the flourishing needs of petroleum industries, Refineries, Bottling Plants, Terminals etc. The Company has also joined hands with various district state agencies under Ministry of New and Renewable Energy(MNRE) such as MEDA ,CREDA,TEDA,KREDL and other agencies manufacturing products for those consumers which comes under Below Poverty Line(BPL) and for which Government provides subsidies. Those products includes Home Lighting Systems, Lanterns, Solar Street Lights and products that saves power taken for Example Solar Roof Tops, Flame Proof Lights(FLP) certified by PESO etc. The Government of India has formulated Pradhan Mantri Sahaj Bijli Har Ghar Yojana - Saubhagya to provide energy access to all by last mile connectivity and electricity connections to all remaining un-electrified households in rural as well as urban areas to achieve universal household electrification in the country. The Company is contributing to uplift such projects of the Government of India for the benefit of the Society by delivering its products and providing services to make such projects a success.

## **STRENGTHS**

Our company could take and execute the projects of every kind and every size. The Company has received registration certificates from certifying authorities to bid projects of every kind. The strength of the Company lies in the Product development. As the complete team is at the place you can understand workflow and manage the project well. The Company has niche market for its products giving us competitive advantage. Taken for example, Our company has launched a new product that has the capability to calculate the power generated and used through the solar equipment, the actual electricity consumption done and the electricity returned to the electricity board, on the Dashboards or through online server. The data Captured can also be shared and transferred through android app. All these products are developed in-house, depicting the strength of our technical team Our Company will be entering a new product line that fits into the existing business model. If we are able to convert our plans into actions, we believe that no one can stop us from being in the Top 10 companies of India within the next 4-5 years as we believe that the market for our product range is quite enormous and the working capital deficiencies which we face as per present scenario will be converted into surpluses as the business model which we are trying to develop will help cater and serve OEM(Original Equipment Manufacturer) in a better way and ultimately equip us to surpass our working capital deficiencies which we face today.

## **SEGMENTWISE or PRODUCT-WISE PERFORMANCE**

Servotech has played a vital role in catalyzing the solar energy sector for rapid capacity additions in an efficient and effective mode. Initially the Company was working for Government projects and street lighting projects. As the Business expanded, the Company started working for petroleum industries parallelly and joined hands with NDA'S. If we talk about the product range, the company not only manufacture LED Tube lights and bulbs but have started manufacturing street light, flood light, canopy light, yard lights, FLP tubes, Hoarding lights, System Controller, Solar Charge Controller, Solar Roof tops. The Company has expanded to deliver its products to refineries, bottling plants, Petrol pumps, terminals etc.

## **OPPORTUNITIES**

The potential for products that the Company manufactures is enormous. Indian power sector is undergoing a significant change that has redefined the industry outlook. Our Company is growing with the turnover increase of 50-60% per year from last 5 years. Comparing the profits of the Company in the previous year the company has experienced a jump of 65-70% in the profitability of the company. Due to the implementation of GST, a confusing state was created impacting a hit on the profitability for the year 2017-18 which is expected to be recovered in the coming year. There has been an increase in the overall financial strength and capital. Also, the credit rating has been improved from BB to BBB enhancing the creditworthiness of our Company.

## **THREATS**

At present, there is a requirement of huge working capital for operating in the industry that is met by taking Bank Guarantees (minimum term of 5 years) resulting in the increase of Long Term Liabilities/Contingent Liabilities day by day. Also, the delay in receiving payments from the Debtors further hits the whole cash cycle resulting in the inadequacy to meet the huge working capital requirement. The Banks are unable to cater the requirements and match with the pace with which the orders/market demand for our product are increasing. To overcome the threats faced, our Company is planning to further introduce new range of our products as per the growing demands of market.

## **FUTURE OUTLOOK**

In view of business inquiries received by the company, the outlook seems bright for business prospects of our company. Our company has taken various initiatives for increasing business, product portfolio. Going forward, at present the company is operating in 1,000sq. metre of space and planning to extend it 4 times making it 4,050 sq. metre of space in the coming future. This will help us improve our internal control in relation to the production process, in terms of quality, accuracy and ultimately resulting in reduction of the losses during production.

## **RISK AND CONCERNS**

Business is exposed to external and internal risks. Some risks can be predicted and minimized with careful planning and implementing the measures to mitigate them, while some risks cannot be insured against. Our company has been facing many risks including risk to run business due to shortage of working capital.

## **HUMAN RESOURCES**

The company is taking various initiatives to increase human resources for better productivity. To save on costs, the company is appointing non-experienced staff and taking initiatives for internal training and development of skills. This will help in enhancing their emotional and intellectual engagement with the company.

## **INTERNAL CONTROL SYSTEM AND ADEQUACIES**

The Company has a robust internal control system that facilitates efficiency, reliability and completeness of accounting records, and timely preparation of reliable financial and management information. The internal control system ensures compliance with all applicable laws and regulations, facilitates in optimum utilization of resources and protect the Company's assets and investors' interests. The Company has a clearly defined organizational structure, decision rights, manuals and operating procedures for its business units and verticals to ensure orderly and efficient conduct of its business. The Company has a whistle blower policy and anti-fraud policy to address fraud risk. The Audit Committee of the Board regularly reviews significant audit findings of the Internal Audit Department covering operational, financial and other areas and provides guidance on further strengthening the internal controls framework. The company is now projecting financials on a monthly basis (earlier done on yearly/half yearly or quarterly basis) The company has also introduced a costing methodology project wise and also working on improving inventory management.

## **FORWARD LOOKING STATEMENT**

Statements in this report on Management Discussion and Analysis, describing the company's objectives, projections, expectations or predictions may be forward looking, considering the applicable laws and regulations. These statements are based on certain assumptions and expectation of future vents. Actual results could, however, differ materially from those expressed or implied. Domestic consumption, price trends, change in government regulations and tax structure can make a difference in company's performance in future.

The company assumes no responsibility in respect of the forward looking statements herein, which may undergo changes in future on the basis of subsequent developments, information or events.

**For Servotech Power Systems Limited**

**Raman Bhatia**  
**Managing Director**  
**DIN : 00153827**

**Place: New Delhi**  
**Date: 04.09.2018**  
**Telephone: +91-011-41117657**  
**Website: [www.servotech.in](http://www.servotech.in)**  
**Email id: [servotech@servotechindia.com](mailto:servotech@servotechindia.com)**



## EXTRACT OF ANNUAL RETURN

### ANNEXURE – II

#### FORM NO. MGT.9

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

As on the financial year ended on 31.03.2018

#### I. REGISTRATION AND OTHER DETAILS:

|   |   |
|---|---|
| i) CIN:   | U31200DL2004PTC129379   |
| ii)Registration Date:   | 24-09-2004  |
| iii)Name of the Company:  | SERVOTECH POWER SYSTEMS LIMITED   |
| iv)Category/Sub-Category of the Company:  | PUBLIC LIMITED COMPANY  |
| v)Address of the Registered office:   | 806, 8TH FLOOR, CROWN HEIGHTS, HOTEL CROWN PLAZA, SECTOR 10, ROHINI, DELHI-85 |
| vi) Whether listed company (Yes/No)   | Yes   |
| vii) Name, Address and Contact details of Registrar and Transfer Agent, if any: | N.A   |

#### PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

#### II. All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

| S.No. | Name and Description of main Products/Services       | NIC Code of the Product/Service | % to Total Turnover of the Company |
|-------|--|---------------------------------|------------------------------------|
| 1     | Manufacturing & trading of LED, UPS & Solar products | 26105                           | 100%                               |

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

| Name and Address of the Company | CIN/GIN | Holding/ Subsidiary/ Associate | % of Shares held | Applicable Section |
|---------------------------------|---------|--------------------------------|------------------|--------------------|
| -                               | -       | -                              | -                | -                  |

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

i) Category-wise Share Holding

| Category of Shareholders         | 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. Promotes</b>               |   |          |                |                   |   |          |                  |                   |                          |
| <b>(1) Indian</b>                |   |          |                |                   |   |          |                  |                   |                          |
| a) Individual/ HUF               | 9092250   | 0        | 9092250        | 67.70             | 9100350                                   | 0        | 9100350          | 49.70             | (18.00)                  |
| b) Central Govt                  | 0   | 0        | 0              | 0.00              | 0   | 0        | 0                | 0.00              | 0.00                     |
| c) State Govt (s)                | 0   | 0        | 0              | 0.00              | 0   | 0        | 0                | 0.00              | 0.00                     |
| d) Bodies Corp.                  | 0   | 0        | 0              | 0.00              | 0   | 0        | 0                | 0.00              | 0.00                     |
| e) Banks/FI                      | 0   | 0        | 0              | 0.00              | 0   | 0        | 0                | 0.00              | 0.00                     |
| f) Any Other                     | 0   | 0        | 0              | 0.00              | 0   | 0        | 0                | 0.00              | 0.00                     |
| Directors Relative               | 1875  | 0        | 1875           | 0.01              | 3575900                                   | 0        | 3575900          | 19.53             | 19.52                    |
| <b>Sub-Total (A) (1):-</b>       | <b>9094125</b>                                  | <b>0</b> | <b>9094125</b> | <b>67.71</b>      | <b>12676250</b>                           | <b>0</b> | <b>126762500</b> | <b>69.23</b>      | <b>1.52</b>              |
| <b>(2) Foreign</b>               |   |          |                |                   |   |          |                  |                   |                          |
| a) NRIs - Individuals            | 0   | 0        | 0              | 0.00              | 0   | 0        | 0                | 0.00              | 0.00                     |
| b) Other - Individuals           | 0   | 0        | 0              | 0.00              | 0   | 0        | 0                | 0.00              | 0.00                     |
| c) Bodies Corp.                  | 0   | 0        | 0              | 0.00              | 0   | 0        | 0                | 0.00              | 0.00                     |
| d) Banks / FI                    | 0   | 0        | 0              | 0.00              | 0   | 0        | 0                | 0.00              | 0.00                     |
| e) Central Govt                  | 0   | 0        | 0              | 0.00              | 0   | 0        | 0                | 0.00              | 0.00                     |
| f) State Govt(s)                 | 0   | 0        | 0              | 0.00              | 0   | 0        | 0                | 0.00              | 0.00                     |
| g) Venture Capital Funds         | 0   | 0        | 0              | 0.00              | 0   | 0        | 0                | 0.00              | 0.00                     |
| h) Insurance Companies           | 0   | 0        | 0              | 0.00              | 0   | 0        | 0                | 0.00              | 0.00                     |
| i) FIIs                          | 0   | 0        | 0              | 0.00              | 0   | 0        | 0                | 0.00              | 0.00                     |
| h) Foreign Venture Capital Funds | 0   | 0        | 0              | 0.00              | 0   | 0        | 0                | 0.00              | 0.00                     |
| i) Others (specify)              | 0   | 0        | 0              | 0.00              | 0   | 0        | 0                | 0.00              | 0.00                     |
| <b>Sub-totoal (B)(1):-</b>       | <b>0</b>  | <b>0</b> | <b>0</b>       | <b>0.00</b>       | <b>0</b>                                  | <b>0</b> | <b>0</b>         | <b>0.00</b>       | <b>0.00</b>              |

|  |                |                |                 |               |                 |               |                 |               |               |
|--|----------------|----------------|-----------------|---------------|-----------------|---------------|-----------------|---------------|---------------|
| <b>2. Non-Institution</b>  |                |                |                 |               |                 |               |                 |               |               |
| a) Bodies Corp.  | 0              | 80645          | 80645           | 0.00          | 140000          | 80645         | 220645          | 1.21          | 0.00          |
| i) Indian  | 0              | 0              | 0               | 0.00          | 0               | 0             | 0               | 0.00          | 0.00          |
| ii) Overseas   | 0              | 0              | 0               | 0.00          | 0               | 0             | 0               | 0.00          | 0.00          |
| b) Individuals   |                |                |                 |               |                 |               |                 |               |               |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh         | 17870          | 160919         | 178789          | 1.33          | 977825          | 38989         | 1016814         | 5.55          | 4.22          |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 96774          | 3980096        | 4076870         | 30.36         | 4040204         | 64516         | 4104720         | 22.42         | (7.94)        |
| c) Others (specify)  |                |                |                 |               |                 |               |                 |               |               |
| clearing member  | 0              | 0              | 0               | 0.00          | 120000          | 0             | 120000          | 0.66          | 0.66          |
| Non resident Indians (NRI)   | 0              | 0              | 0               | 0.00          | 12000           | 0             | 12000           | 0.67          | 0.67          |
| Market Maker   | 0              | 0              | 0               | 0.00          | 160000          | 0             | 160000          | 0.87          | 0.87          |
| <b>Sub-total (B) (2):-</b>   | <b>114644</b>  | <b>4221660</b> | <b>4336304</b>  | <b>32.29</b>  | <b>5450029</b>  | <b>184150</b> | <b>5634179</b>  | <b>30.77</b>  | <b>(2.39)</b> |
| <b>Total Public Shareholding (B) = (B) (1) + (B)(2)</b>                          | <b>114644</b>  | <b>4221660</b> | <b>4336304</b>  | <b>32.29</b>  | <b>5450029</b>  | <b>184150</b> | <b>5634179</b>  | <b>30.77</b>  | <b>(2.39)</b> |
| C. Shares held by Custodian for GDRs & ADRs                                      | 0              | 0              | 0               | 0.00          | 0               | 0             | 0               | 0.00          | 0.00          |
| <b>Grand Total (A+B+C)</b>   | <b>9208769</b> | <b>4221660</b> | <b>13430429</b> | <b>100.00</b> | <b>18126279</b> | <b>184150</b> | <b>18310429</b> | <b>100.00</b> | <b>(0.87)</b> |

## (ii) Shareholding of Promoters

| S.No. | Shareholder's Name | Shareholding at the beginning of the year |                                  |  | Share holding at the end of the year |                                  |  |   |
|-------|--------------------|---|----------------------------------|--|--------------------------------------|----------------------------------|--|---|
|       |                    | No. of Shares                             | % of total Shares of the company | % of Shares Pledged/encumbered to total Shares | No. of Shares                        | % of total Shares of the company | % of Shares Pledged/encumbered to total shares | % change in share holding during the year |
| 1.    | Rishabh Bhatia     | 0   | 0.0000                           | 0.0000   | 101800                               | 0.5560                           | 0.0000   | 0.5560                                    |
| 2.    | Manohar Lal Bhatia | 0   | 0.0000                           | 0.0000   | 284375                               | 1.5531                           | 0.0000   | 1.5531                                    |
| 3.    | Kanav Bhatia       | 0   | 0.0000                           | 0.0000   | 106800                               | 0.5833                           | 0.0000   | 0.5833                                    |
| 4.    | Vikas Bhatia       | 0   | 0.0000                           | 0.0000   | 1875                                 | 0.0102                           | 0.0000   | 0.0102                                    |
| 5     | Raman Bhatia HUF   | 0   | 0.0000                           | 0.0000   | 3079175                              | 16.8165                          | 0.0000   | 16.8165                                   |
| 6     | Sudesh Bhatia      | 1875                                      | 0.0140                           | 0.0000   | 1875                                 | 0.0102                           | 0.0000   | -0.0038                                   |
| 7     | Sarika Bhatia      | 2517575                                   | 18.7453                          | 0.0000   | 2525675                              | 13.7936                          | 0.0000   | -4.9517                                   |
| 8     | Raman Bhatia       | 6574675                                   | 48.9536                          | 0.0000   | 6574675                              | 35.9067                          | 0.0000   | -13.0469                                  |
|       | <b>TOTAL</b>       | <b>9094125</b>                            | <b>67.7129</b>                   | <b>0.0000</b>                                  | <b>12676250</b>                      | <b>69.2296</b>                   | <b>0.0000</b>                                  | <b>1.5167</b>                             |

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

| S.No. | Particulars                  | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|-------|------------------------------|---|----------------------------------|---|----------------------------------|
|       |                              | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
| 1     | At the beginning of the year | 9094125                                   | 67.71                            | 9094125                                 | 67.71                            |
| 2     | Increase- 14/07/2017         | 3582125                                   | 19.56                            |   |                                  |
| 3     | At the end of the year       | 12676250                                  | 69.23                            | 12676250                                | 69.23                            |



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

| S.No. | For Each of the Top 10 Shareholders   | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|-------|---------------------------------------|---|----------------------------------|---|----------------------------------|
|       |                                       | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
| 1.    | Raman Bhatia Huf                      | 3079175                                   | 16.82                            | 0                                       | 0                                |
| 2.    | Maheshdinkar Vaze                     | 0   | 0                                | 904000                                  | 4.94                             |
| 3.    | Geeta Kirti Ambani                    | 0   | 0                                | 556000                                  | 3.03                             |
| 4.    | Manohar Lal Bhatia                    | 284375                                    | 1.55                             | 0                                       | 0                                |
| 5.    | Vaishali Yatin Shah                   | 0   | 0                                | 268000                                  | 1.46                             |
| 6.    | Pramod Gupta Huf                      | 0   | 0                                | 268000                                  | 1.46                             |
| 7.    | Ruchi Pramod Gupta                    | 0   | 0                                | 232000                                  | 1.27                             |
| 8.    | Hardik Manoj Shah                     | 0   | 0                                | 184000                                  | 1.00                             |
| 9.    | Bhupenda Mathuradas Shah              | 0   | 0                                | 184000                                  | 1.00                             |
| 10.   | Choice Equity Broking Private Limited | 0   | 0                                | 168000                                  | 0.92                             |

**(v) Shareholding of Directors and Key Managerial Personnel:**

| S. No | For Each of the Directors and KMP   | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|-------|---|---|----------------------------------|---|----------------------------------|
|       |   | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
|       | At the beginning of the year  |   |                                  |   |                                  |
| 1.    | Raman Bhatia  | 1314935                                   | 51.35%                           | 1314935                                 | 51.35%                           |
| 2.    | Sarika Bhatia   | 505135                                    | 19.72%                           | 505135                                  | 19.72%                           |
| 3.    | Arun Handa  | 8150                                      | .31%                             | 8150                                    | .31%                             |
| 4.    | Pankaj Malik  | 5000                                      | .196%                            | 5000                                    | 0.196%                           |
| 5.    | Sahiel Khurana  | -   | -                                | -                                       | -                                |
| 6.    | Jagmohan Singh  | -   | -                                | -                                       | -                                |
| 7.    | Pankaj Dawar  | -   | -                                | -                                       | -                                |
| 8.    | Kamlesh kumar Thakur  | 250                                       | .0097%                           | 250                                     | .0097%                           |
| 9.    | G.D. Singla   | -   | -                                | -                                       | -                                |
| 10.   | Pallavi Sahni   | -   | -                                | -                                       | -                                |
|       | Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc): |   |                                  |   |                                  |
|       | At the End of the year  |   |                                  |   |                                  |
| 1.    | Raman Bhatia  | 6574675                                   | 35.91                            | 6574675                                 | 35.91                            |
| 2.    | Sarika Bhatia   | 2525675                                   | 13.79                            | 2525675                                 | 13.79                            |
| 3.    | Arun Handa  | 40750                                     | 0.22                             | 40750                                   | 0.22                             |
| 4.    | Pankaj Malik  | 25000                                     | 0.136                            | 25000                                   | 0.136                            |
| 5.    | Sahiel Khurana  | -   | -                                | -                                       | -                                |
| 6.    | Jagmohan Singh  | -   | -                                | -                                       | -                                |
| 7.    | Pankaj Dawar  | -   | -                                | -                                       | -                                |
| 8.    | Kamleshkumar Thakur   | 250                                       | 0.00136                          | 250                                     | 0.00136                          |
| 9.    | G.D. Singla   | -   | -                                | -                                       | -                                |
| 10.   | Pallavi Sahni   | -   | -                                | -                                       | -                                |
|       | <b>Total</b>  | <b>91,66,350</b>                          | <b>50.007</b>                    | <b>91,66,350</b>                        | <b>50.007</b>                    |

## V. INDEBTEDNESS

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

|   | Secured Loans<br>Excluding Deposits<br>(₹) | Unsecured<br>Loans<br>(₹) | Deposits<br>(₹) | Total<br>Indebtedness<br>(₹) |
|---|--|---------------------------|-----------------|------------------------------|
| Indebtedness at the beginning of the financial year | 10,61,81,525.57                            | 2,43,80,534.14            | -               | 13,05,62,059.70              |
| i) Principal Amount                                 |  |                           |                 |                              |
| ii) Interest due but not paid                       |  |                           |                 |                              |
| iii) Interest accrued but not due                   |  |                           |                 |                              |
| Total (i+ii+iii)                                    | 10,61,81,525.57                            | 2,43,80,534.14            | -               | 13,05,62,059.70              |
| Change in Indebtedness during the financial year    | 4,07,04,582                                | 2,88,74,505.81            | -               |                              |
| Addition  | 8,95,49,247.57                             |                           | -               |                              |
| Reduction   |  |                           |                 |                              |
| Net Change  | (- )4,88,44,665.5                          | 2,88,74,505.81            | -               | 1,99,70,159.60               |
| Indebtedness at the end of the financial year       | 5,72,31,733.99                             | 5,32,55,039.95            | -               | 11,05,91,899.50              |
| i) Principal Amount                                 |  |                           |                 |                              |
| ii) Interest due but not paid                       | 1,05,126.01                                | NIL                       |                 |                              |
| iii) Interest accrued but not due                   | NIL  | NIL                       |                 |                              |
| Total   | 5,73,36,860                                | 5,32,55,039.95            | -               | 11,05,91,899.50              |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

| S. No. | Particulars of<br>Remuneration   | Name fo MD/WTD/ Manager |                   |                     | Total<br>Amount     |
|--------|--|-------------------------|-------------------|---------------------|---------------------|
|        |  | Raman<br>Bhatia         | Sarika<br>Bhatia  | Arun<br>Handa       | ₹<br>In Lacs        |
| 1.     | Gross Salary<br>(a) Salary as per provisions<br>contained in section 17 (1) of the<br>Income-tax Act, 1961 | 4026364.00              | 3091440.00        | 11,38,500.00        | 82,56,304.00        |
|        | (b) Value of perquisites u/s<br>17(2) Income-tax Act, 1961   | Nil                     | Nil               | Nil                 | -                   |
|        | (c) Profits in lieu of salary under<br>section 17(3) Income-Tax Act 1961                                   | Nil                     | Nil               | Nil                 | -                   |
| 2.     | Stock Option   | Nil                     | Nil               | Nil                 | -                   |
| 3.     | Sweat Equity   | Nil                     | Nil               | Nil                 | -                   |
| 4.     | Commission as % of profit<br>others, specify   | Nil                     | Nil               | Nil                 | -                   |
| 5.     | Others please specify  | Nil                     | Nil               | Nil                 | -                   |
|        | <b>Total(A)</b>  | <b>4026364.00</b>       | <b>3091440.00</b> | <b>11,38,500.00</b> | <b>82,56,304.00</b> |

Remuneration paid to Arun Handa was taken for the part of the year - (April 2017 to Feb 2018)-Resigned w.e.f. 24th February 2018

**B. Remuneration to other directors:**

| S.No. | Particulars of Remuneration                  | Name of Directors   |                       |                       |                       | Total Amount |
|-------|--|---------------------|-----------------------|-----------------------|-----------------------|--------------|
|       | <b>1. Independent Directors</b>              | <b>Pankaj Dawar</b> | <b>Jagmohan Singh</b> | <b>Sahiel Khurana</b> | <b>Yogesh Mahajan</b> |              |
|       | * Fee for attending board committee meetings | Nil                 | Nil                   | Nil                   | Nil                   | Nil          |
|       | * Commission                                 |                     |                       |                       |                       |              |
|       | * Others, please specify                     |                     |                       |                       |                       |              |
|       | Total (1)                                    | Nil                 | Nil                   | Nil                   | Nil                   | Nil          |
|       | <b>2. Other Non-Executive Directors</b>      | Nil                 | Nil                   | Nil                   | Nil                   | Nil          |
|       | * Fee for attending board committee meetings | Nil                 | Nil                   | Nil                   | Nil                   | Nil          |
|       | * Commission                                 |                     |                       |                       |                       |              |
|       | * Others please specify                      |                     |                       |                       |                       |              |
|       | Total (2)                                    | Nil                 | Nil                   | Nil                   | Nil                   | Nil          |
|       | Total (B) = (1 + 2)                          | Nil                 | Nil                   | Nil                   | Nil                   | Nil          |
|       | Total Managerial Remuneration                | Nil                 | Nil                   | Nil                   | Nil                   | Nil          |

**C. Remuneration To Key Managerial Personnel Other than MD/Manager/WTD**

| S.No. | Particulars of Remuneration  | Key Managerial Personnel             |                               |                    |                         |
|-------|--|--------------------------------------|-------------------------------|--------------------|-------------------------|
|       |  | Pallavi Sahni<br>(Company Secretary) | Kamlesh Kumar Thakur<br>(CFO) | GD Singla<br>(CFO) | Total<br>(₹)<br>In Lacs |
| 1.    | Gross Salary<br>(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961<br>(b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 2,98,350.00                          | 5,01,300.00                   | 1,81,193.00        | 9,80,843.00             |
|       | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961   |                                      |                               |                    |                         |
| 2.    | Stock Option   | Nil                                  | Nil                           | Nil                | Nil                     |
| 3.    | Sweat Equity   | Nil                                  | Nil                           | Nil                | Nil                     |
| 4.    | Commission<br>- as % of profit<br>- others, specify...   | Nil                                  | Nil                           | Nil                | Nil                     |
| 5.    | Others, please specify   | Nil                                  | Nil                           | Nil                | Nil                     |
|       | <b>Total</b>   | <b>2,98,350.00</b>                   | <b>5,01,300.00</b>            | <b>1,81,193.00</b> | <b>9,80,843.00</b>      |

**NOTES**

Remuneration for the part of year has been taken for the following KMP:-

1. Pallavi Sahni (June 2017 to March 2018) - Appointed as Company Secretary w.e.f. 02.06.2017.
2. Kamlesh Kumar Thakur (June 2017 to February 2018) - Appointed as CFO w.e.f. 02.06.2017 and Resigned from the post of CFO w.e.f. 28th February, 2018.
3. Ghanshyam Das Singla was appointed as CFO w.e.f. 01.03.2018.
4. Remuneration paid to both the CFO in the Capacity of CFO only(excluding remuneration paid in the capacity as employee) is taken.

## 1. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: NIL

| 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                             | Nil                          | Nil               | Nil  | Nil                        | Nil                                |
| Punishment                          | Nil                          | Nil               | Nil  | Nil                        | Nil                                |
| Compounding                         | Nil                          | Nil               | Nil  | Nil                        | Nil                                |
| <b>B. DIRECTORS</b>                 |                              |                   |  |                            |                                    |
| Penalty                             | Nil                          | Nil               | Nil  | Nil                        | Nil                                |
| Punishment                          | Nil                          | Nil               | Nil  | Nil                        | Nil                                |
| Compounding                         | Nil                          | Nil               | Nil  | Nil                        | Nil                                |
| <b>C. OTHER OFFICERS IN DEFAULT</b> |                              |                   |  |                            |                                    |
| Penalty                             | Nil                          | Nil               | Nil  | Nil                        | Nil                                |
| Punishment                          | Nil                          | Nil               | Nil  | Nil                        | Nil                                |
| Compounding                         | Nil                          | Nil               | Nil  | Nil                        | Nil                                |



**Form No. AOC-2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

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

| S.No. | Particulars   | Details |
|-------|---|---------|
| a)    | Name(s) of the related party and nature of relationship   | -       |
| b)    | Nature of contracts/arrangements/transactions   | -       |
| c)    | Duration of the contracts / arrangements/transactions   | -       |
| d)    | Salient terms of the contracts or arrangements or transactions including the value, if any                        | -       |
| e)    | Justification for entering into such contracts or arrangements or transactions                                    |         |
| f)    | Date(s) of approval by the Board  | -       |
| g)    | Amount paid as advances, if any:  | -       |
| h)    | Date on which the special resolution was passed in general meeting as required under first proviso to section 188 | -       |

**2. Details of material contracts or arrangement or transactions at arm's length basis**

| S.No. | Particulars   | Details  |
|-------|---|--|
|       | Name(s) of the related party and nature of relationship                                     | Raman Bhatia (Director)<br>Sarika Bhatia(Director)<br>Pankaj Malik(Director)<br>Manohar Lal Bhatia (Relative of Director)<br>Vikas Bhatia(Relative of Director)<br>Rishabh Bhatia(Relative of Director)<br>Anjali Handa(Relative of Director)<br>Service Solutions<br>Bhatia Electronics<br>Hertz and Pixels<br>Raman Bhatia HUF |
|       | Nature of contracts/arrangements/transactions   | Salary to Director and Relative of Directors-<br>Contracts<br>Other -Transactions  |
|       | Duration of the contracts / arrangements/transactions                                       | -  |
|       | Salient terms of the contracts or arrangements or transactions including the value, if any: | -  |
|       | Date(s) of approval by the Board, if any:   | -  |
|       | Amount paid as advances, if any:  | -  |

**For and on behalf of the Board of Directors  
Servotech Power Systems Private Limited**

Place: New Delhi

Date: 04.09.2018

Telephone: +91-011-41117657

Website: [www.servotech.in](http://www.servotech.in)

Email id: [servotech@servotechindia.com](mailto:servotech@servotechindia.com)

**Raman Bhatia**  
**Director**  
**DIN: 00153827**

**Sarika Bhatia**  
**Director**  
**DIN: 00155602**

## SECRETARIAL AUDIT REPORT

### ANNEXURE – III

### FORM -MR-3

**For the Year ended March 31, 2018**

**Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration) Rules, 2014**

**To,**  
**The Members,**  
Servotech Power Systems Limited  
806, 8th Floor, Crown Heights, Hotel Crown Plaza,  
Sector 10, Rohini, New Delhi-110085

I have conducted the Secretarial Audit of the compliance of the applicable statutory provisions and the adherence to good corporate practices by Servotech Power Systems Limited (hereinafter referred to as company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on verification of the company's' books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorised representatives during the conduct of Secretarial Audit. I hereby report that in our opinion, the company has during the audit period covering the financial year ended March 31, 2018 complied with the statutory provisions contained herein 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, 2018, according to the provisions of:

- a) The Companies Act, 2013 (the Act) and the rules made there under and the applicable provisions of the Companies Act, 1956.
- b) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made there under.
- c) The Depositories Act, 1996 and the Regulations and Bye-Laws framed there under.
- d) Foreign Exchange Management Act, (FEMA, 1999) and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- e) The following Regulations and Guidelines prescribed under Securities and Exchange Board of India, Act, 1992 (SEBI Act):

- (i) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers), Regulations, 2011.
- (ii) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (iii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (iv) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; Not Applicable.
- (v) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;  
Not Applicable as the company has not issued and listed any debt Securities during the financial year under review.
- (vi) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (vii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

**Not Applicable as the Company has not delisted/proposed to delist its equity shares from any Stock Exchange during the financial year under review.**

- (viii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

Not Applicable as the Company has not bought back/proposed to buy-back any of its securities during the financial year under review.

- (f) Other laws applicable specifically to the company namely:

- (i) Legal Metrology Act, 2009;
- (ii) The Environmental (Protection) Act, 1986;
- (iii) The Water (Prevention & Control of Pollution) Act, 1974;
- (iv) The Air (Prevention & Control of Pollution) Act, 1981;
- (v) Factories Act, 1948 and allied State Laws.
- (vi) All other Labour, employee and Industrial Laws to the extent applicable to the Company; I have also examined compliance with the applicable clauses of the following:

1. Secretarial Standards issued by the Institute of Company Secretaries of India with respect to Board and General Meetings.
2. The SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above wherever applicable.

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with provisions of the Act. Adequate notice is given to all Directors to schedule the Board meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. The decisions carried through are recorded in the minutes. I did not find any dissenting views recorded in the minutes. It was informed to me that, in absence of any such dissenting views it was not required to record any such views in the minutes. I further report that there are adequate systems and processes in the company commensurate with size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period there were no specific actions having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

**For A DIVAY & CO.**

**Name: Divay Arora**

**Membership No.: 41451**

**C.P. No.: 17852**

**Date: 10.08.2018**

**Place: Delhi**



## **PART A - NOMINATION POLICY**

### **1. Eligibility Criteria for Nomination of Directors**

#### **1.1 A Director should:**

- Comply with the eligibility criteria stipulated in the Articles of Association of the Company and Section 164 of the Act.;
- Have relevant experience and track record in finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to Company& business and relevant to the role he / she is required to perform;
- Possess the highest personal and professional ethics, integrity, values and stature; and
- Be willing to devote sufficient time and energy in carrying out their duties and responsibilities.

1.2 A Managing Director or Whole-time Director or Manager should in addition to the above, Fulfill the conditions specified in Section 196 read with Schedule V of the Act.

#### **1.3 An independent Director should:**

- Comply with the eligibility criteria stipulated in the Articles of Association of the Company, Section 164 & 149 (6) of the Act

### **2. Eligibility Criteria for Appointment of KMP and SM**

#### **2.1 A KMP and SM should:**

- Have relevant experience and track record in finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to Company& business and relevant to the role he / she is required to perform;
- Possess the highest personal and professional ethics, integrity and values; and
- Devote sufficient time and energy in carrying out his / her duties and responsibilities.

### **3. Diversity**

3.1 The Company recognises and embraces the benefits of having a diverse Board, and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. A truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other distinctions between Directors. The Committee will periodically review board diversity to bring in expertise and experience in diverse areas and disciplines to improve the standards of corporate governance, transparency and operational efficiency and risk management. All Board appointments are made on merit, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective. The Committee will discuss succession planning and board diversity at the time of nominating Directors. It will be the Committee.

endeavor to have Board members from diverse backgrounds/disciplines including the following:

- a. Accounting;
- b. Corporate Finance;
- c. Legal;
- d. Corporate laws;
- e. Information Technology
- f. Business Strategy;
- g. Engineering and
- h. Any other background/discipline as deemed necessary by the Committee.

#### **4. Tenure of Directors**

##### **4.1 Directors shall:**

- Be liable to retire by rotation in accordance with the Act and the Articles of Association of the Company;
- Not hold office as a director, including alternate directorship, in more than 20 companies at the same time, provided that the maximum number of public companies in which a person can be appointed as a director shall not exceed 10; and
- A Director shall not be a member in more than 10 committees or act as Chairman of more than 5 committees across all companies in which he is a director. Furthermore, every Director shall inform the Company about the committee positions he occupies in other companies and notify changes as and when they take place.

##### **4.2 An Independent Director shall:**

- Hold office for a term up to 5 consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board& report;
- Notwithstanding the above, not hold office for more than 2 consecutive terms, but shall be eligible for appointment after expiry of 3 years of ceasing to become an Independent Director, provided that during the said period of 3 years he is not appointed or associated with the Company in any other capacity either directly or indirectly. For appointment of an existing Independent Director, any tenure of the Independent Director on the date of the commencement of the Act shall not be counted for his appointment as Director under the Act;
- Not serve as an independent director on the Board of more than 7 listed companies; or 3 listed companies in case such person is serving as a Whole-time Director of a listed Company in accordance with Clause 49 of the Listing Agreement; and not be liable to retire by rotation.

#### **5. Evaluation Criteria and Mechanism**

- 5.1** The performance of the Directors shall be evaluated in the context of the Company's performance from a business and compliance perspective. The criteria to be used in the evaluation of performance will be those duties and responsibilities that the Board and the Director mutually agree upon. The evaluation criteria may be supplemented, when appropriate, with specific initiatives, projects or professional development objectives.
- 5.2** The Committee shall carry out evaluation of performance of every Director with a view to increase effectiveness

as a governing body as well as participation of the Independent Director on the Board proceedings. The evaluation process shall be led by the Chairman of the Company who shall be supported by an Independent Director and the Company Secretary for completion of the evaluation process, which is as follows:

Formal review shall be done on an annual basis and shall commence immediately upon completion of the previous financial year and shall be completed before the Board meeting at which the notice and agenda for the annual general meeting is approved by the Board;

Format for formal review shall consist of the form for (a) self appraisal and (b) Board evaluation as set out in [Annexure A];

The Board evaluation form is to be distributed to all Board members well in time such that the evaluation process is completed before the Board meeting at which the notice and agenda for the annual general meeting is approved by the Board; and

Results of the evaluation to be discussed in the Board meeting at which the notice and agenda for the annual general meeting is approved by the Board such that basis the evaluation process, recommendations of the Board for the re- appointment of the retiring Directors can be included in such notice and agenda for the annual general meeting.

## **PART B – REMUNERATION POLICY**

### **1. Guiding Principles**

1.1 The guiding principles of remuneration of the Directors, KMP, SM and other employees of the Company are:

The level and composition of remuneration is competitive, reasonable and aligned to market practices and trends to attract, retain and motivate talent required to run the Company successfully and ensure long term sustainability of the Company;

The remuneration Committee considers pay and employment conditions with peers / elsewhere in the Competitive market to ensure that the pay structures are appropriately aligned and the levels of remuneration remain appropriate in this context.

The remuneration to Directors, KMP and SM has a fair balance between fixed and variable pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals;

Quantitative and qualitative assessments of performance are used to making informed judgments to evaluate performances;

Sufficiently flexible to take into account future changes in industry and compensation practice; and

The pay takes into account both external market and achievements of Company performance targets to a balanced 'fair' outcome along with strong alignment of interest with Stakeholders.

## **2. Remuneration to Managing Director or Whole-time Director or Manager**

- The remuneration and increments thereon to be paid to the Managing Director or Whole-time Director or Manager shall be determined in accordance with the conditions laid down in the Act.
- If in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director or Whole-time Director or Manager in accordance with the provisions of the Act read with rules made thereunder and Schedule V of the Act.
- If any Managing Director or Whole-time Director or Manager draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.
- The total remuneration of the Managing Director or Whole-time Director or Manager shall comprise of the following:
  - A fixed base salary and fixed allowances;
  - Retirement benefits; and
  - Other benefits and reimbursements any deviation from the same shall be recorded in the minutes of the meeting of the Committee with proper justification for the same.

## **3. Remuneration to Non-Executive Directors**

- The remuneration to be paid to the Non-Executive Directors shall be determined in accordance with the conditions laid down in the Articles of Association of the Company and as per the Act.
- The total remuneration of the Non-Executive Directors /Independent Directors shall comprise of the following:
  - Sitting Fee; and
  - They will also be entitled to reimbursement for out-of-pocket expenses. Any deviation from the same shall be recorded in the minutes of the meeting of the Committee with proper justification for the same.
- The remuneration, compensation, etc. to the Whole-time Director, Managing Director and Manager will be determined by the Committee and recommended to the Board for approval. The remuneration, compensation etc. shall be subject to the prior or post approval of the shareholders of the Company and Central Government, wherever required.
- The remuneration, compensation, etc. to the KMPs, SMs and other employees will be determined by the Company basis discussions with the Committee after taking into account general market practice, performance of the Company and other relevant factors as prescribed by the Committee from time to time.

## **4. Insurance**

- 4.1 Where any insurance is taken by the Company on behalf of its Directors, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.
5. The Board of Directors may deviate from this policy if there are specific reasons to do so in an individual case. Any departure from the policy shall be recorded and reasoned in the Board & minutes.
6. The adequacy of this policy shall be reviewed and reassessed by the Committee at such intervals as the Committee deems appropriate and recommendations, if any, shall be made to the Board to update the same from time to time.

## Annexure A

### SERVOTEC BOARD EVALUATION POLICY

The Company's board acknowledges its intention to establish "best practices" in board governance in order to fulfill its fiduciary obligation to the stakeholders. The Board believes the evaluation will lead to a closer working relationship among Board members, greater efficiency in the use of the Board's time, and increased effectiveness of the Board as a governing body.

Copies of the evaluation form will be distributed to each Board Member and each Board member shall complete the forms and return them to the Company Secretary.

The Board has adopted the evaluation criteria and forms that are attached to this policy. These may be changed at any time by the Board.

#### Servotech Board Member Self Evaluation

|   | Criteria  | Yes | No |
|---|---|-----|----|
| 1 | I attend the Board and Committee meetings and I arrive on time and stay until meetings conclude.                              |     |    |
| 2 | I contribute to the discussion in a meaningful and helpful way, listening to others and making my points concisely.           |     |    |
| 3 | I avoid conflicts of interest and ask questions of the Board Chair or Executive Director if I am unsure if a conflict exists. |     |    |
| 4 | I read the materials distributed before the Board meeting so I can constructively participate and make timely decisions.      |     |    |
| 5 | I work with the other Board members as a team, striving for consensus when it is called for.                                  |     |    |
| 6 | I work with the Executive Director in a way that creates an atmosphere of trust and cooperation.                              |     |    |
| 7 | I communicate governance and ethical problems to the Board Chair and Executive Director.                                      |     |    |



## Servotech Board Evaluation

### Performance Scale

**4 –Outstanding**

**3 – Good**

**2 –Adequate**

**1 –Needs improvement**

| S.No. | Criteria   | 4           | 3    | 2        | 1                 |
|-------|--|-------------|------|----------|-------------------|
|       |  | Outstanding | Good | Adequate | Needs Improvement |
| 1.    | The Board engages in long-range strategic thinking and planning.   |             |      |          |                   |
| 2.    | The Board stays abreast of issues and trends affecting the plan, using this information to assess and guide the organization over the long term. |             |      |          |                   |
| 3.    | The Board ensures that new Board members receive a prompt, thorough orientation.   |             |      |          |                   |
| 4.    | Board meetings are conducted in a manner that ensures open communication, meaningful participation, and sound resolution of issues.              |             |      |          |                   |
| 5.    | The Size and Diversity of Board is appropriate   |             |      |          |                   |
| 6.    | Board members have the appropriate qualifications to meet the objectives of the board's charter, including appropriate financial literacy.       |             |      |          |                   |
| 7.    | The Board meeting agendas are well- balanced, allowing appropriate time for the most critical issues.  |             |      |          |                   |
| 8.    | Meetings are held with enough frequency to fulfill the board's duties and at least quarterly.  |             |      |          |                   |
| 9.    | The board maintains adequate minutes of each meeting.  |             |      |          |                   |
| 10.   | The Board and Committee meetings are of reasonable length.   |             |      |          |                   |
| 11.   | The Committees are comprised of the right number and type of members.  |             |      |          |                   |
| 12.   | The Committees report back to the Board as they should and do not exceed their authority.  |             |      |          |                   |
| 13.   | The Board recognizes its policy-making role, and reconsiders and revises policies as necessary.  |             |      |          |                   |
| 14.   | Board members actively participate on business and financial issues and provide guidance on long term sustainable goals.                         |             |      |          |                   |
| 15.   | The Board is consistent about being prepared for meetings and staying engaged.   |             |      |          |                   |
| 16.   | The Board reviews annual budget  |             |      |          |                   |
| 17.   | The Board brings discussions to a conclusion with clear direction to staff.  |             |      |          |                   |
| 18.   | The Board is collegial and polite during meetings.   |             |      |          |                   |
|       | <b>Total Score</b>   |             |      |          |                   |

## REPORT ON CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's philosophy on corporate governance aims at enhancing the shareholders value. The corporate governance philosophy is driven by the interest of stakeholders and business needs of the Company. The principles of corporate governance emerge as the cornerstone of the Company's governance philosophy.

The Long-term interests of the stakeholders are served by continuous adherence and enforcement of the principles of good corporate governance. To keep pace with an evolving global environment, the Company continuously innovates and adapts governance practices to meet new demands. This ensures efficient conduct of the affairs of the Company, which, in turn, helps the Company achieve its goal of maximizing value for all its stakeholders.

The Company's governance philosophy is based on the fair and transparent disclosure of issues related with the Company's business, financial performance, and other matters of stakeholders' interest.

The Company complies with all statutory and regulatory requirements on corporate governance and has constituted the requisite committees to look into issues of financial reporting, investor grievance and executive remuneration.

The Company has adopted various codes and policies to carry out its duties in an ethical manner. Some of these codes and policies are:

- Code of Business conduct and Ethics for Directors and Senior Management
- Familiarizations Programmes for Independent Directors
- Vigil Mechanism and Whistle Blower Policy
- Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions
- Code of Conduct to Regulate, Monitor and Report Trading by Insiders.

### 2. BOARD OF DIRECTORS

The Company's policy is to maintain optimum combination of Executive and Non-Executive Directors. Current composition of the Board and category of Directors is as follows:

| Name of the Directors | Category                        | Number of Shares held in the Company | Other Directorship held | #Committee memberships/ chairmanship held in other Companies |
|-----------------------|---------------------------------|--------------------------------------|-------------------------|--|
| Mr. Raman Bhatia      | Promoter and Managing Director  | NA                                   | NIL                     | NIL  |
| Mrs. Sarika Bhatia    | Promoter and Executive Director | NA                                   | NIL                     | NIL  |
| Mr. Yogesh Mahajan    | Independent Director            | NIL                                  | NIL                     | NIL  |
| Mr. Pankaj Dawar      | Independent Director            | NIL                                  | 1                       | 1  |
| Mr. Sahiel Khurana    | Independent Director            | NIL                                  | NIL                     | NIL  |

- Mr. Pankaj Malik resigned as Executive Director w.e.f. 11th May, 2017.
- Mr. Arun Handa resigned from the directorship of the Company w.e.f. 24th February, 2018.
- Mr. Jagmohan Singh resigned from the directorship of the Company w.e.f. 26th March, 2018.
- Mr. Yogesh Mahajan was appointed as an Additional Director w.e.f. 29th May, 2018.

Number of directorships in other companies excludes directorships held in the Private Limited Companies, Foreign Companies and in Companies under Sec-8 of the Companies Act, 2013.

The Shareholding of Directors excludes Executive Directors.

# In accordance with the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, Memberships/Chairmanships of only the Audit Committees and Stakeholders Relationship Committee have been considered.

### **3. SELECTION OF INDEPENDENT DIRECTORS**

Considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective field/profession, and who can effectively contribute to the Company's business and policy decisions are considered by the Nomination and Remuneration Committee, for appointment, as Independent Directors on the Board. The Committee, inter alia, considers qualification, positive attributes, area of expertise and number of Directorships and Memberships held in various committees of other companies by such persons. The Board considers the Committee's recommendation, and takes appropriate decision.

Every Independent Director, at the first meeting of the Board in which he participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he meets the criteria of independence as provided under the law. All the Independent Directors have given the requisite declarations of independence during the year.

### **4. MEETINGS OF INDEPENDENT DIRECTORS**

The Company's Independent Directors meet at least once in every financial year without the presence of Non-Independent Directors and management personnel. Such meetings are conducted informally to enable Independent Directors to discuss matters pertaining to the Company's affairs and put forth their views to the other Independent Directors. Independent Directors shall take appropriate steps to present their views to the Board.

During the year under review, one meeting of independent Directors was held on **13<sup>th</sup> March, 2018** in compliance with the requirements of schedule IV of the Companies Act, 2013.

Following items were considered at the said meeting:

- Presentation on familiarizing the Independent Directors with operations of the Company;
- Performance review of Non-independent directors, Board as a whole and Chairman of the Company;
- Assessed the quality, quantity and timeliness of flow of information between Company, management and the Board.

## 5. CODE OF CONDUCT

The Code of Conduct of all the Directors/Management Personnel ('the Code'), as adopted by the Board, is a comprehensive Code applicable to Directors and Management Personnel. A copy of the Code has been put on the Company's website ([www.servotech.in](http://www.servotech.in)). The Code has been circulated to Directors and Management Personnel, and its compliance is affirmed by them annually. The Board Members and the Senior Management personnel affirmed compliance with the code on an annual basis, and a declaration to this effect has been given by the Director as below:

I hereby confirm that the Company has obtained affirmation from all the members of the Board and Senior Management that they have complied with the code of conduct for Board Members and Senior Management in respect of the Financial Year 2017-18.

Mr. Raman Bhatia  
 Director  
 DIN:00153827

## 6. NUMBER OF BOARD MEETINGS HELD

14(Fourteen) Board meetings were held during the year, as against the minimum requirement of four meetings.

The details of Board meetings are given below:

### Date of Board Meetings:

- 29th April, 2017
- 12th May, 2017
- 15th May, 2017
- 02nd June, 2017
- 23rd June, 2017
- 24th July, 2017
- 11th November, 2017
- 21st December, 2017
- 28th December, 2018
- 23rd January, 2018
- 14th February, 2018
- 24th February, 2018
- 13th March, 2018
- 31st March, 2018

| Name of Director   | No. of Board Meetings attended | Whether attended the AGM held on 10th July, 2017 |
|--------------------|--------------------------------|--|
| Mr. Raman Bhatia   | 14                             | Yes  |
| Mrs. Sarika Bhatia | 14                             | Yes  |
| Mr. Arun Handa     | 13                             | Yes  |
| Mr. Pankaj Malik   | 2                              | No   |
| Mr. Jagmohan Singh | 10                             | Yes  |
| Mr. Pankaj Dawar   | 8                              | Yes  |
| Mr. Sahiel Khurana | 10                             | Yes  |

## 7. BOARD COMMITTEES

Details of Board Committees and other related information are provided hereunder:

| Board Committees             | Audit Committee | Nomination and Remuneration Committee | Stakeholders Relationship Committee | Corporate Social Responsibility Committee |
|------------------------------|-----------------|---------------------------------------|-------------------------------------|---|
| Meetings held                | 7               | 3                                     | 1                                   | 2   |
| <b>Director's attendance</b> |                 |                                       |                                     |   |
| Mr. Jagmohan Singh           | 7               | 3                                     | N.M.                                | 2   |
| Mr. Pankaj Dawar             | N.M.            | 3                                     | 1                                   | 2.  |
| Mr. Sahiel Khurana           | 7               | 3                                     | N.M.                                | 2   |
| Mrs. Sarika Bhatia           | N.M.            | N.M.                                  | 1                                   | N.M.                                      |

N.M. - Not a member of the Committee

## 8. PROCEDURE AT COMMITTEE MEETINGS

The Company's guidelines relating to Board meetings are applicable to Committee meetings as far as practicable. Each Committee has the authority to engage outside experts, advisors and counsels to the extent it considers appropriate to assist in its function. Minutes of proceedings of Committee meetings are circulated to the Directors and placed before Board meetings for noting.

### (A) AUDIT COMMITTEE

During the year, the Committee met **7 times** and the maximum time gap between any two meetings was less than four months. The minutes of the audit Committee meetings were placed before the Board.

**The Composition of the Committee is given below:**

#### 1. AUDIT COMMITTEE:

| S.No. | Name               | Category             |
|-------|--------------------|----------------------|
| 1.    | Mr. Yogesh Mahajan | Independent Director |
| 2.    | Mr. Sahiel Khurana | Independent Director |
| 3.    | Mr. Raman Bhatia   | Independent Director |



\*Mr. Jagmohan Singh resigned from the directorship of the Company w.e.f. 26th March, 2018 and the Audit Committee was reconstituted by electing Mr. Yogesh Mahajan (in place of Jagmohan Singh) as the chairman of Audit Committee w.e.f. May 29, 2018.

The Committees' composition meets with requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015. Members of the Audit Committee possess financial/accounting expertise/exposure.

#### **Date of Audit Committee Meetings:**

- 24th July, 2017
- 11th November, 2017
- 21st December, 2017
- 28th December, 2017
- 23rd January, 2018
- 14th February, 2018
- 24th February, 2018

Further, the Meeting of Independent Directors of the Company in compliance to Schedule IV of the Companies Act, 2013 held on 13th March, 2018.

#### **Terms of Reference of the Committee, inter alia, includes the following:**

##### **Powers of the Audit Committee**

- To investigate any activity within its terms of reference
- To seek information from any employee
- To obtain outside legal or other professional advice
- To secure attendance of outsiders with relevant expertise, if it considers necessary

##### **Role of the Audit Committee, inter alia, includes the following:**

1. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Directors Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.
  - b. Changes, if any, in accounting policies and practices and reasons for the same.
  - c. Major accounting entries involving estimates based on the exercise of judgment by management.
  - d. Significant adjustments made in the financial statements arising out of audit findings.
  - e. Compliance with listing and other legal requirements relating to financial statements.
  - f. Disclosure of any related party transactions.
  - g. Modified opinion(s) in the draft audit report.

5. Reviewing, with the management, the half yearly and annual financial statements before submission to the board for approval.
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process. Approval of any transactions of the Company with Related Parties, including any subsequent modification thereof.
8. Scrutiny of inter-corporate loans and investments.
9. Valuation of undertakings or assets of the Company, wherever it is necessary.
10. Evaluation of internal financial controls and risk management systems.
11. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
12. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
13. Discussion with internal auditors on any significant findings and follow up thereon.
14. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
15. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
16. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
17. To review the functioning of the Whistle Blower mechanism, in case the same exists.
18. Approval of appointment of Chief Financial Officer or any other person heading the finance function or discharging that function after assessing the qualifications, experience & background, etc. of the candidate.
19. To overview the Vigil Mechanism of the Company and took appropriate actions in case of repeated frivolous complaints against any Director or Employee.
20. Monitoring the end use of funds raised through public offers and related matters.

#### **Reviewing the following information:**

1. Management Discussion and Analysis of financial condition and results of operations.
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management.
3. Management letters / letters of Internal Control Weaknesses issued by the statutory auditors.
4. Internal Audit Reports relating to Internal Control Weaknesses.
5. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
6. Statement of deviations:
  - a) Half yearly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
  - b) Annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice in terms of Regulation 32(7).

**(B) NOMINATION AND REMUNERATION COMMITTEE:**

During the year 3(Three) meetings of Committee were held.

The Composition of the Committee is given below:

| S.No. | Name               | Designation | Category             |
|-------|--------------------|-------------|----------------------|
| 1.    | Mr. Sahiel Khurana | Chairperson | Independent Director |
| 2.    | Mr. Pankaj Dawar   | Member      | Independent Director |
| 3.    | Mr. Yogesh Mahajan | Member      | Independent Director |

- \* Mr. Jagmohan Singh resigned from the directorship of the Company w.e.f. 26th March, 2018 and Nomination and Remuneration Committee was reconstituted by electing Mr. Yogesh Mahajan (in place of Mr. Jagmohan Singh) as the member w.e.f. May 29, 2018

The aforesaid Committee's composition and the terms of reference meet with the requirements of Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and provisions of the Companies Act, 2013.

Dates of Nomination & Remuneration Committee Meetings:

- 24th July, 2017
- 14th February, 2018
- 24th February, 2018

**Terms of Reference of the Committee, inter alia, includes the following:**

- To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and/ or removal.
- To carry out evaluation of every director's performance.
- To 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, key managerial personnel and other employees.
- To formulate the criteria for evaluation of Independent Directors and the Board.
- To devise a policy on Board diversity.
- To recommend/review remuneration of the Managing Director(s) and Whole-time Director(s) based on their performance and defined assessment criteria.
- To administer, monitor and formulate detailed terms and conditions of the Employees' Stock Option Scheme.
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

**Remuneration policy and details of remuneration of Non-executive Directors:**

The Company's Remuneration Policy for Directors, Key Managerial Personnel and other employees is available at the website of the Company. Further, the Company has devised a Policy for performance evaluation of Directors

### (C) **STAKEHOLDERS' RELATIONSHIP COMMITTEE:**

During the year 2 meetings of Committee were held.

The Composition of the Committee is given below:

| S.No. | Name               | Designation | Category             |
|-------|--------------------|-------------|----------------------|
| 1.    | Mr. Pankaj Dawar   | Chairperson | Independent Director |
| 2.    | Mr. Raman Bhatia   | Member      | Independent Director |
| 3.    | Mrs. Sarika Bhatia | Member      | Independent Director |

The aforesaid Committee is primarily responsible to review all matters connected with the Company's transfer of securities and Redressal of shareholders' / investors' complaints. The aforesaid Committee's composition and the terms of reference meet with the requirements of Regulation 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and provisions of the Companies Act, 2013.

Date of Stakeholder Relationship Committee Meetings:

- 11th November, 2017
- 24th February, 2018

#### **Terms of Reference of the Committee, inter alia, includes the following:**

- To redress the investor complaints like non-receipt of balance sheet, non-receipt of declared dividends, non-receipt of share certificates, sub-division, consolidation, approval and issue of duplicate share certificates etc;
- To affix or authorize fixation of the common seal of the Company to the share certificates of the Company;
- To do all such acts, things or deeds as may be necessary or incidental to redress the investor complaints and
- To oversees performance of the Registrar and Transfer agents of the Company and recommends measure for overall improvement in the quality of investor service.

#### **Investor Grievance Redressal**

The Company received no complaints during the year under review. There were no outstanding complaints as on March 31, 2018.

Compliance Officer: Ms. Mansi Gupta is the Compliance officer for complying with requirements of Securities Laws and Listing Regulations of SEBI.

### (D) **CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:**

During the year **Two** meetings of Committee were held.

The Composition of the Committee is given below:

| S.No. | Name               | Designation | Category             |
|-------|--------------------|-------------|----------------------|
| 1.    | Mr. Yogesh Mahajan | Chairperson | Independent Director |
| 2.    | Mr. Pankaj Dawar   | Member      | Independent Director |
| 3.    | Mr. Sahiel Khurana | Member      | Independent Director |

Mr. Jagmohan Singh resigned from the directorship of the Company w.e.f. 26th March, 2018 and the Corporate social responsibility Committee was reconstituted by electing Mr. Yogesh Mahajan (in place of Mr. Jagmohan Singh) as a member w.e.f. May 29, 2018.

The Corporate Social Responsibility Committee is formed for adhering to the good corporate governance practice and to assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of 'Corporate Social Responsibility policy.

#### **Details of Corporate Social responsibility Meetings:**

- 11th November, 2017
- 24th February, 2018

#### **Role and Responsibilities of the Committee includes the following:**

- a. To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as per the Companies Act, 2013;
- b. To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the company;
- c. To monitor the CSR policy of the Company from time to time; d. Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

#### **9. GENERAL BODY MEETINGS**

- (i) The date and time of Annual General Meetings held during last three years, and the special resolution(s) passed thereat, are as follows:

| Year | Date & Time                                  | Location  | Type of Resolution passed                         |
|------|--|---|---|
| 2015 | 15 th September, 2015<br>12:00 P.M (Tuesday) | 806, 8 th floor, Crown heights, Hotel Crown Plaza, Sector 10, Rohini, New Delhi-110085. | Ordinary Resolution: 02<br>Special Resolution: 00 |
| 2016 | 30 th September, 2016<br>2:00 P.M. (Friday)  | 806, 8 th floor, Crown heights, Hotel Crown Plaza, Sector 10, Rohini, New Delhi-110085. | Ordinary Resolution: 02<br>Special Resolution: 00 |
| 2017 | 10 th July, 2017<br>12.00 P.M. (Friday)      | 806, 8 th floor, Crown heights, Hotel Crown Plaza, Sector 10, Rohini, New Delhi-110085. | Ordinary Resolution: 02<br>Special Resolution: 00 |

During the previous three years, the Company has neither passed any special resolution(s) in any General Meetings; nor by way of postal ballot.

#### **10. DISCLOSURE**

##### **i) Disclosure on materially significant related party transactions.**

The Company has not entered into any transaction of material nature with the promoters, the Directors or the management, their subsidiaries or relatives etc. that may have any potential conflict of interest with the Company.



**II) Details of non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchanges or SEBI, or any other statutory authority, on any matter related to capital markets during last three years.**

There have been no instances of non-compliance by the Company on any matter related to capital markets during the last three years and hence no penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any other statutory authority.

The Company has complied with the mandatory requirements of the Listing Regulations. The Company has adopted a Vigil Mechanism and Whistle-Blower Policy for directors and employees to report genuine concerns or wrong doings. This Policy has also been posted on the website of the Company.

**11. OTHER REQUIREMENTS**

**Disclosure of Accounting Treatment**

The financial statements for the year under review have been prepared under historical cost convention, on accrual basis, in accordance with the generally accepted accounting principles in India and to comply with the Accounting standards prescribed in the Companies (Accounting standards) Rules, 2006 and other applicable provisions and the relevant provisions of the Companies Act, 2013. The accounting policies have been consistently applied by the Company.

**Code of Conduct for Prohibition of Insider Trading**

The Company has also adopted the Code of Conduct for Prohibition of Insider Trading of shares of the Company as provided under 'The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time. This Code has also been posted on the website of the Company [www.servotech.in](http://www.servotech.in)

**12. MEANS OF COMMUNICATION**

The Company has been sending physical copies of the Annual Reports, notices and other communications through the prescribed modes of postage. However, in case where email id of a shareholder is registered, such communications are sent to the registered email id of the Shareholders.

The quarterly and Annual Results along with additional information are also posted on the website of the Company [www.servotech.in](http://www.servotech.in)

Official News Releases and Presentations made to Institutional Investors or to the analysts are also displayed on the website of the Company.

**13. GENERAL SHAREHOLDER INFORMATION**

**Forthcoming Annual General Meeting**

|              |  |
|--------------|--|
| Time         | 09.00 A.M.   |
| Venue        | Hotel Crowne Plaza, Twin District Center, Sector-10, Rohini, New Delhi-110085 IN |
| Day and Date | Saturday, 29 <sup>th</sup> September, 2018                                       |

## **Financial Year**

April 1, 2017 to March 31, 2018

## **Listing on Stock Exchanges**

On **August 24, 2018** - the Company received a Letter from **National Stock Exchange (NSE) Emerge** regarding Listing of Securities of Servotech Power Systems Limited on the Exchange and admitted to dealings on the Capital Market Segment of the Exchange w.e.f. August 24, 2018.

## **Stock Code**

**National Stock Exchange of India Limited (NSE Emerge):** SERVOTECH  
**ISIN NO.** INE782X01017

## **Dates of Book Closure**

The share transfer books and register of members of the Company shall remain closed from 20th September, 2018 to 29th September, 2018 (both days inclusive).

## **Dividend Payment date**

No Dividend is declared during the year.

## **Outstanding GDRs/ADRs/ and Convertible Bonds, Conversion**

1. The Company has not issued any ADRs/GDRs during the year under review.
2. There is no outstanding GDRs/ADRs and Convertible Bonds.
3. There is no Employees Stock Options

## **Corporate Identity Number ('CIN'):**

The Company's Corporate Identity Number (CIN) allotted by Ministry of Corporate Affairs, Government of India is "U31200DL2004PLC129379". The registered office of the Company is situated at 806,8th Floor, Crown Heights, Crowne Plaza, Sector-10, Rohini, New Delhi-110085

## **Dematerialization of shares:**

The Company's shares are admitted into both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). **98.99 %** of the total issued capital of the Company is held in dematerialized form.

**Compliance Officer:** Ms. Mansi Gupta is the Compliance officer for complying with requirements of Securities Laws and Listing Regulations of SEBI.

## **Registrar & Share Transfer Agents**

Bigshare Services Pvt. Limited  
Address: E-2/3, Ansa Industrial Estate, Sakhivihar Road, Saki Naka, Andheri (E) Mumbai-400 059  
Phone No.: +91-22-6263 8200  
E-mail: [info@bigshareonline.com](mailto:info@bigshareonline.com)

## **Plant Location**

Address: 357, Sector 56, PH-V, HSIIDC, EHTP, Industrial Estate, Kundli - 131028, Sonipat (Haryana)

## **Address for Correspondance**

Address: 806, 8th Floor, Crowne Heights, Crowne Plaza, Sector-10, Rohini, New Delhi-110085

## Share Transfer System

Applications for Share transfers in physical form are received at the office of Registrar and Transfer Agents of the Company. All valid transfers processed within due dates from the date of receipt.

## Distribution of shareholding as on 31<sup>st</sup> March 2018

| Sr. No. | No. of equity Shares held | No. of Shareholders | % of Total Shareholders | No. of Total Share held | Shareholding in % age |
|---------|---------------------------|---------------------|-------------------------|-------------------------|-----------------------|
| 1       | 1-500                     | 21                  | 6.3830                  | 5250                    | 0.0287                |
| 2       | 501-1000                  | 1                   | 0.3040                  | 1000                    | 0.0055                |
| 3       | 1001-2000                 | 7                   | 2.1277                  | 12112                   | 0.0661                |
| 4       | 2001-3000                 | 2                   | 0.6079                  | 6000                    | 0.0328                |
| 5       | 3001-4000                 | 156                 | 47.4164                 | 622483                  | 3.3996                |
| 6       | 4001-5000                 | 13                  | 3.9514                  | 57270                   | 0.3128                |
| 7       | 5001-10000                | 52                  | 15.8055                 | 408449                  | 2.2307                |
| 8       | 10001 & above             | 77                  | 23.4043                 | 17197865                | 93.9239               |
|         | <b>Total</b>              | <b>329</b>          | <b>100.00</b>           | <b>18310429</b>         | <b>100.00</b>         |

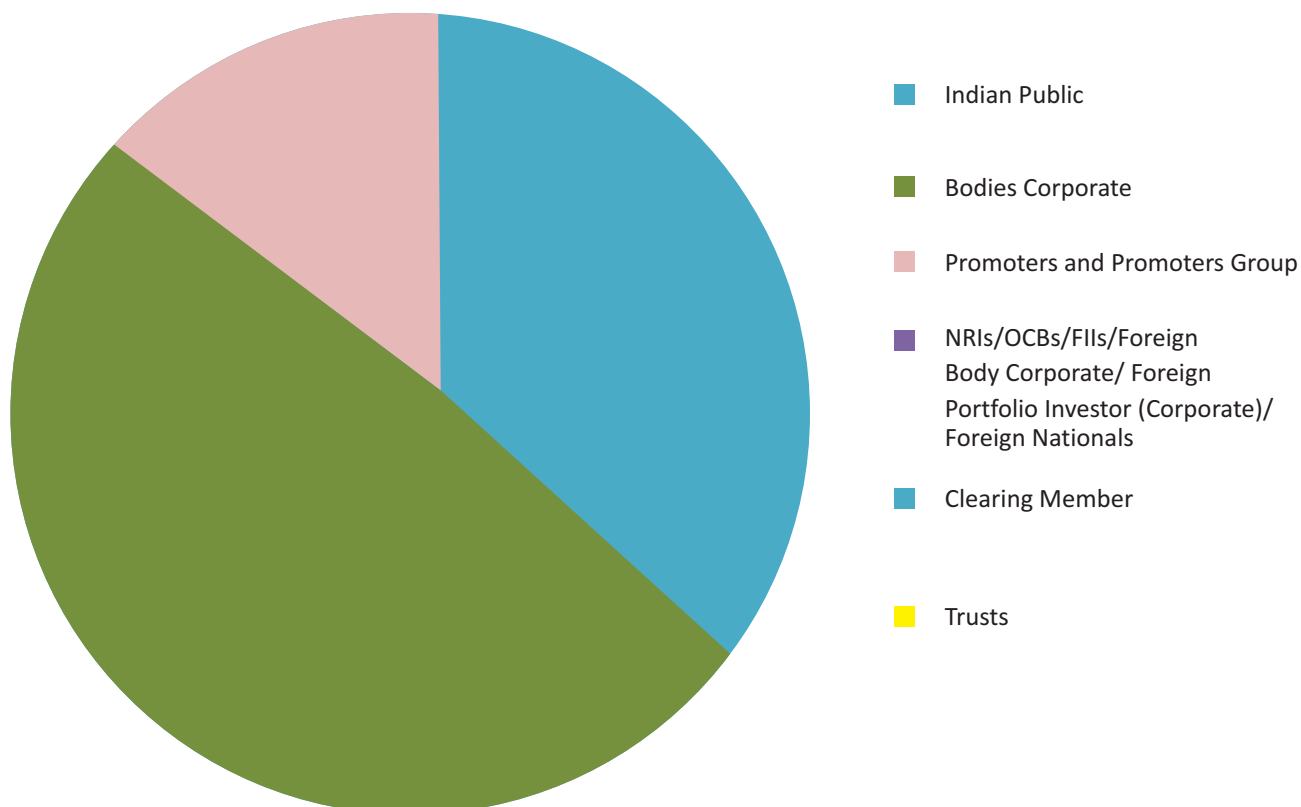
## Market Price Data : High / Low during each month in financial year 2017-2018\*

| Month  | NSE' Market Price |       |
|--------|-------------------|-------|
|        | High              | Low   |
| Apr-17 | -                 | -     |
| May-17 | -                 | -     |
| Jun-17 | -                 | -     |
| Jul-17 | -                 | -     |
| Aug-17 | -                 | -     |
| Sep-17 | 31.70             | 31.25 |
| Oct-17 | 37.5              | 37    |
| Nov-17 | 35.2              | 35.2  |
| Dec-17 | 38.00             | 37.3  |
| Jan-18 | 41                | 41    |
| Feb-18 | 36.5              | 36.5  |
| Mar-18 | 39.5              | 36.10 |

### Distribution of shareholding as on March 31, 2018:

| S.No. | Category            | No. of Equity shareholders | No. of Equity shares | %age    |
|-------|---------------------|----------------------------|----------------------|---------|
| 1.    | Clearing Member     | 8                          | 120000               | 0.6554  |
| 2.    | Corporate Bodies    | 16                         | 220645               | 1.2050  |
| 3.    | Directors-Relatives | 6                          | 3575900              | 19.5293 |
| 4.    | Market Maker        | 1                          | 16000                | 0.8738  |
| 5.    | Non-Resident Indian | 3                          | 12000                | 0.0655  |
| 6.    | Promoters           | 2                          | 9100350              | 49.7004 |
| 7.    | Public              | 293                        | 5121534              | 27.9706 |
|       | Total               | 329                        | 18310429             | 100     |

### Graphic presentation of the Shareholding Pattern as on March 31, 2018



## COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members,

**Servotech Power Systems Limited**

806, 8th Floor, Crown Heights, Hotel Crowne Plaza,  
Sector-10, Rohini, New Delhi-110085

1. We have reviewed the implementation of the corporate governance procedures by Servotech Power Systems Limited(the Company) during the year ended March 31, 2018, with the relevant records and documents maintained by the Company, furnished to us for our review and report on Corporate Governance, as approved by the Board of Directors.
2. The compliance of conditions 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 Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.
3. We further 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.
4. On the basis of our review and according to the best of our information and according to the explanations given to us, the Company has been complying with the conditions of Corporate Governance, as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the Financial Year 2017-18.

For A DIVAY & CO.

Name: Divay Arora

Membership No.: 41451

C.P. No.: 17852

Place: Delhi

Date: 28.08.2018



## CFO CERTIFICATION

The Board of Directors  
Servotech Power Systems Limited

Dear members of the Board,

I, Ghanshyam Das Singla, Chief Financial Officer of Servotech Power Systems Limited, to the best of our knowledge and belief, certify that:

- (a) I have reviewed financial statements and the cash flow statement for the year 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 violative of the company's code of conduct.
- (c) I 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 they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) I have indicated to the auditors and the Audit committee
- i. Significant changes in internal control over financial reporting during the year;
  - ii. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. 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.

Place: New Delhi  
Date: 29.05.2018  
Telephone: +91-011-41117657  
Website: [www.servotech.in](http://www.servotech.in)  
Email id: [servotech@servotechindia.com](mailto:servotech@servotechindia.com)

For Servotech Power Systems Limited

Ghanshyam Das Singla  
Chief Financial Officer

## INDEPENDENT AUDITOR'S REPORT

### To the Members of SERVOTECH POWER SYSTEMS LIMITED

#### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of SERVOTECH POWER SYSTEMS LIMITED (company converted into public limited on 24/05/2017), which comprise the balance sheet as at 31st March 2018, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone 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 there under.

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

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

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

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2018 and its profit and its cash flows 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 sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 except non provision of retiring benefits of employees required as per accounting standard 15;
  - e) On the basis of the written representations received from the directors as on 31st March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2018 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.) That the litigations pending by the company or against the company as on 31/03/2018 will not materially impact its financial position.
    - ii. the Company did not have any long-term contracts including derivative contracts as at 31st March 2018.

There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the period ended 31st March 2018.

For **GUPTA JALAN & ASSOCIATES**

**Chartered Accountants**

CA RAM NIWAS JALAN

Partner

**M.No.-082389**

**Place:** New Delhi

**Date:** 29.05.2018

## **Annexure "A "to the Auditors' Report**

The Annexure referred to in our report to the members of SERVOTECH POWER SYSTEMS LIMITED ('theCompany') for the year ended on 31st March 2018,we report that:

1. a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.  
  
b) All the fixed assets have been physically verified by the management at reasonable intervals having regard to the size of the company and the nature of its assets. No serious discrepancies have been noticed on such physical verification.  
  
c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
2. a) The management has conducted the physical verification of inventory at reasonable intervals.  
  
b) The discrepancies noticed on physical verification of the inventories as compared to books records which has been properly dealt with in the books of account were not material.
3. The Company had not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under section 189 of the Companies Act 2013. Accordingly, paragraph 3(iii) of the order is not applicable to the company.
4. In our opinion and according to the information and explanations given to us, the Company has not made any loan or investment as required under the provision of section 185 and 186 of Companies Act 2013 with respect to the loans, investments, guarantees and security.
5. The Company had not accepted any deposits from the public.
6. Maintenance of cost records under section 148 (1) of the Companies Act, 2013 is applicable for the company.
7. In respect of Statutory dues:-  
  
i) According to the information and explanations given to us, the company has been regular in depositing undisputed statutory dues including income tax, service tax, sales tax, any other statutory dues to the appropriate authorities, however there have been delays in certain cases. Also, no undisputed amounts payable in respect of income tax, service tax, sales tax, any other statutory dues were in arrears as at 31st March 2018 for a period of more than six months from the date they became payable.  
  
ii) According to the information and explanations given to us, there is no disputed statutory liability as on 31st March 2018.
8. In our opinion and according to the information and explanation to us, the company had taken loan from financial Institution; the Company has not defaulted in the repayment of dues to banks.
9. (i) According to the information and explanations given to us, company had raised money during the year by way of initial public offer and the money raised by way of initial public offer and the term loans were applied for the purpose for which those are raised.

(ii) According to the information and explanations given to us, the company had received term loan and had not defaulted in repayment of its installments during the year.

10. According to the information and explanations given to us, no fraud by the Company or on the Company has been noticed during the course of our audit.
11. The company is in the process of taking approval of prescribed authority/members for excess payment made for managerial remuneration due to fall in profits as required by the provision of section 197 read with schedule 5 to the Companies act 2013.
12. The company is not a Nidhi Company; therefore the provisions of Nidhi companies are not applicable on the company.
13. In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the transactions with the related parties are in compliance with section 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the financial statements as required by the accounting standards.
14. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has made preferential allotment shares during the year Under review and the requirement of section 42 of companies act 2013 have been complied with and the amount raised has been used for the purpose for which the funds were raised
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, paragraph 3(xv) of the Order is not applicable.
16. The registration with Reserve Bank of India under section 45-IA of the Reserve Bank of India Act 1934 is not applicable on the company.

For **GUPTA JALAN & ASSOCIATES**  
**Chartered Accountants**

CA RAM NIWASJALAN  
Partner  
M.No.-082389  
**Place:** New Delhi  
**Date:**29.05.2018

## **“Annexure B” to the Independent Auditor’s Report**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of SERVOTEC POWER SYSTEMS LIMITED('the Company') as of 31st March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

#### **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 of financial records and documents even though the company is in process of designing and implementation of internal control financial system to the extent applicable to an audit of internal financial control as prescribed in guidance note on audit of internal financial control over financial reporting and accounting standards as 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 judgement, including the assessment of the risks of material misstatement of the 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 31st March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control. We are of the opinion that after designing and implementation of internal control system as per guidance note on audit of internal financial controls over financial reporting issued by ICAI will not substantially impact on our opinion on internal financial control system presently implemented in the company. The present system of internal financial control is effectively prevailing in the company.

For **GUPTA JALAN & ASSOCIATES**  
**Chartered Accountants**

CA RAM NIWASJALAN  
Partner  
M.No.-082389  
**Place:** New Delhi  
**Date:**29.05.2018

# BALANCE SHEET

## SERVOTEC POWER SYSTEMS LIMITED BALANCE SHEET AS AT 31ST MARCH 2018

| PARTICULARS                            | Notes | AS AT 31st<br>March 2018 | AS AT 31st<br>March 2017 |
|--|-------|--------------------------|--------------------------|
| <b>EQUITY AND LIABILITIES</b>          |       |                          |                          |
| <b>1. Shareholder's Funds</b>          |       |                          |                          |
| i) Share Capital                       | 1     | 183,104,290              | 25,606,500               |
| ii) reserve and surplus                | 2     | 147,061,899              | 108,119,600              |
|  |       | <b>330,166,189</b>       | <b>133,726,100</b>       |
| <b>2. Non-Current Liabilities</b>      |       |                          |                          |
| i) Long-term borrowings                | 3     | 70,675,862               | 77,180,358               |
| ii) Securities received from customers |       | 524,376                  | 80,000                   |
| iii) Deferred tax liabilities          |       | 941,485                  | 574,172                  |
| iv) Long term provisions               | 4     | 46,673,724               | 24,054,400               |
|  |       | <b>118,815,447</b>       | <b>101,888,930</b>       |
| <b>3. Current Liabilities</b>          |       |                          |                          |
| i) Short term borrowings               | 5     | 97,643,505               | 132,126,601              |
| ii) trade payables                     | 6     | 244,207,588              | 166,675,370              |
| iii) Other current liabilities         | 7     | 22,215,305               | 34,590,487               |
| iv) Short terms provisions             | 8     | 27,934,710               | 33,766,500               |
|  |       | 392,001,109              | 367,158,598              |
| <b>Total Rs.</b>                       |       | <b>840,982,745</b>       | <b>602,773,988</b>       |
| <b>ASSETS</b>                          |       |                          |                          |
| <b>1. Non Current Assets</b>           |       |                          |                          |
| i) Tangible                            |       |                          |                          |
| Tangible assets                        | 9     | 90,116,928               | 65,597,862               |
| Intangible assets                      | 9     | -                        | 59,580                   |
| ii) Long term loans & advances         | 10    | 3,115,964                | 2,396,266                |
| iii) Other non current assets          | 11    | 80,691,187               | 67,509,807               |
|  |       | <b>173,924,079</b>       | <b>135,563,515</b>       |
| <b>2. Current Assets</b>               |       |                          |                          |
| i) Inventories                         | 12    | 135,877,736              | 122,452,612              |
| ii) Trade receivables                  | 13    | 435,847,058              | 274,712,202              |
| iii) Short-term loans & advances       | 14    | 37,449,665               | 28,252,740               |
| iv) Cash and cash equivalents          | 15    | 57,884,207               | 41,792,919               |
|  |       | 667,058,666              | 467,210,473              |
| <b>Total Rs.</b>                       |       | <b>840,982,745</b>       | <b>602,773,988</b>       |

The accompanying notes 1 to 24 are an integral part of the financial statements. As per our report annexed

for GUPTA JALAN & ASSOCIATES  
Chartered Accounts

For and on behalf of board

CA Ram Niwas Jalan  
(Partner)  
M.No.- 082389

Raman Bhatia  
(Director)  
DIN-00153827

Sarika Bhatia  
(Director)  
DIN-00155602

Place: Delhi  
Date: 29.05. 2018

Pallavi Sahni  
(Company Secretary)  
M.No.-46035

G. Das Singla  
(CFO)  
PAN-AOAPS3143J

## STATEMENT OF PROFIT AND LOSS

### SERVOTEC POWER SYSTEMS LIMITED

CIN:U31200DL2004PTC129379

806,8 TH Floor,Crown Heights,Hotel Crown Plaza,Sector-10,Rohini Delhi-110085

### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2018

( Amount in Rs. )

| Particulars   | Note No. | Year Ended<br>31.03.2018 | Year Ended<br>31.03.2017 |
|---|----------|--------------------------|--------------------------|
| <b>Revenue from Operations</b>  |          |                          |                          |
| i) Sales (Gross) Other Income   | 16       | 1,12,48,49,457           | 79,22,18,578             |
| ii) Service charges received  |          | 1,13,48,654              | 1,73,01,010              |
| iii) Other income   | 17       | 94,78,906                | 2,25,75,629              |
| <b>Total Revenue</b>  | (A)      | 1,14,56,77,017           | 83,20,95,217             |
| <b>II Expenses:</b>   |          |                          |                          |
| i) Cost of materials consumed   | 18       | 93,61,27,444             | 57,94,11,309             |
| ii) Changes in inventories of finished goods, work-in - process, sub-assembled products | 19       | (3,05,90,871)            | (60,87,110)              |
| iii) Employee benefits expenses   | 20       | 6,73,72,587              | 6,46,47,488              |
| iv) Finance costs   | 21       | 2,06,82,785              | 2,01,72,228              |
| v) Other expenses   | 22       | 8,85,10,747              | 8,91,65,432              |
| vi) Depreciation writtern off   | 9        | 84,60,412                | 87,03,934                |
| <b>Total expenses (Rs.)</b>   |          | 1,09,05,63,103           | 75,60,13,281             |
| <b>III Profit before exceptional and extra ordinary items and tax</b>                   | (A-B)    | 5,51,13,914              | 7,60,81,936              |
| <b>IV Exceptional Items</b>   | 23       | 6,619                    | 5,29,084                 |
| <b>V Profit before taxation</b>   |          | 5,51,07,295              | 75,552,852               |
| <b>VI Tax Expenses</b>  |          |                          |                          |
| Current Tax   |          | 1,52,00,000              | 2,47,75,204              |
| Deferred Tax  |          | 3,67,313                 | 5,48,255                 |
| Short/(Excess) taxation balance transfer from previous year                             |          | 50,950                   | 1,97,143                 |
| <b>VII Profit for the year (V-VI)</b>   |          | 3,94,89,032              | 5,00,32,250              |
| <b>VII Earnings per Equity Share</b>  |          |                          |                          |
| Basic   |          | 2.16                     | 19.54                    |
| Diluted   |          | 2.16                     | 19.54                    |

**Significant Accounting Policies & Notes to Account form an integral part of Accounts.  
As per our report annexed**

**For GUPTA JALAN & ASSOCIATES**  
**Chartered Accountants**  
**CA Ram Niwas Jalan**

**For and on behalf of the Board of Directors of**  
**Servotech Power Systems Limited**

**Raman Bhatia**  
**Director**  
**DIN-0015382**

**Sarika Bhatia**  
**Director**  
**DIN-00155602**

**Partner**  
**M.No.- 082389**

**Date: 29.05.2018**  
**Place: New Delhi**

**Pallavi Sahni**  
**Company Secretary**  
**M.No.- 46035**

**G. Das Singla**  
**Chief Financial Officer**  
**PAN-AOAPS3143J**

# CASH FLOW STATEMENT

## SERVOTEC POWER SYSTEMS LIMITED

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

| PARTICULARS   | YEAR ENDED<br>31st March 2018 | YEAR ENDED<br>31st March 2017 |
|---|-------------------------------|-------------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>   |                               |                               |
| Net Profit before tax   | 5,51,07,295                   | 7,55,52,852                   |
| Adjustments For :   |                               |                               |
| Depreciation and amortisation expense   | 84,60,412                     | 87,03,934                     |
| Interest expense  | 2,06,82,785                   | 2,01,72,228                   |
| Interest income   | (25,63,294)                   | (16,84,929)                   |
| Loss/ (Profit) on sale of fixed assets  | 37,943                        | 57,165                        |
| <b>Operating Profit before working capital Changes</b>                                  | <b>8,17,25,140</b>            | <b>10,28,01,250</b>           |
| Adjustments For :   |                               |                               |
| (Increase)/ Decrease in sundry debtors  | (16,11,34,856)                | (8,39,71,462)                 |
| (Increase)/ Decrease in inventories   | (1,34,25,124)                 | 70,74,985                     |
| (Increase)/ Decrease in loans & advances & other current assets                         | (91,96,925)                   | 46,73,107                     |
| Increase/ (Decrease) in sundry creditors and other liabilities                          | 5,93,25,247                   | 8,76,69,001                   |
| <b>Cash generated From operating activities</b>   | <b>(4,27,06,518)</b>          | <b>11,82,46,881</b>           |
| Less: Direct Tax Paid   | 1,52,50,950                   | 2,49,72,347                   |
| <b>Net cash generated from/ (used in) operating activities</b>                          | <b>(5,79,57,468)</b>          | <b>9,32,74,534</b>            |
| <b>B. CASH FLOW FORM INVESTING ACTIVITIES</b>   |                               |                               |
| Purchase of fixed assets  | (3,30,57,839)                 | (85,44,927)                   |
| Proceeds from sales of fixed assets   | 1,00,000                      | 2,40,000                      |
| Interest received   | 25,63,294                     | 16,84,929                     |
| Decrease (Increase) in Long Term Loan & Advances  | (7,19,698)                    | 13,00,015                     |
| Decrease/ (Increase) in Other non current assets  | (1,31,81,380)                 | (6,75,09,807)                 |
| <b>Net Cash Generated from (used in) investing activities</b>                           | <b>(4,42,95,623)</b>          | <b>(7,28,29,790)</b>          |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>   |                               |                               |
| Issue of Share Capital / Share Application Money  | 5,50,71,790                   | -                             |
| Share Premium Account including reserves  | 10,18,79,267                  | -                             |
| Proceeds from Secured & Unsecured loans   | (3,44,83,096)                 | 11,28,783                     |
| Interest / Financial Charges  | (2,06,82,785)                 | (2,01,72,228)                 |
| Increase/(Decrease) in Long Term Liabilities  | 1,65,59,204)                  | 2,19,31,352                   |
| <b>Net Cash Generated from (used in) Financing Activities</b>                           | <b>11,83,44,379</b>           | <b>28,87,907</b>              |
| <b>I Total increase (decrease) in cash and cash equivalents during the year (A+B+C)</b> | <b>1,60,91,288</b>            | <b>2,33,32,651</b>            |
| <b>II Cash and cash equivalents at beginning of year</b>                                | <b>4,17,92,919</b>            | <b>1,84,60,268</b>            |
| <b>III Cash and cash equivalents as at end of the Year (I+II)</b>                       | <b>5,78,84,207</b>            | <b>4,17,92,919</b>            |

As per our report annexed  
For GUPTA JALAN & ASSOCIATES  
Chartered Accountants

For and on behalf of  
the Board

CA Ram Niwas Jalan  
(Partner)  
M.No.-082389

Raman Bhatia  
(Director)  
DIN-00153827

Sarika Bhatia  
(Director)  
DIN-00155602

Place: New Delhi  
Date: 29.05.2018

Pallavi Sahni  
(Company Secretary)  
M.No.-46035

G. Das Singla  
(CFO)  
PAN-AOAPS3143J



# NOTES

## SERVOTEC POWER SYSTEMS LIMITED

### Notes forming part of the financial statements

#### Note no. 1

#### (i) Particulars of shares capital authorised, issued and subscribed

| PARTICULARS   | AS AT 31st March 2018 | AS AT 31st March 2017 |
|---|-----------------------|-----------------------|
| <u>Share Capital</u>  |                       |                       |
| <u>Authorised</u>   |                       |                       |
| 1,90,00,000 Previous Year 35,00,000) Equity Shares of Rs. 10/- each   | 19,00,00,000          | 3,50,00,000           |
| Issued, subscribed and paid up*   |                       |                       |
| 1,83,10,429 (Previous year 25,60,650) Equity Share of Rs. 10/- each except bonus shaer of 1,16,72,600 each fully paid in cash | 18,31,04,092          | 2,56,06,500           |
| <b>Total Rs.</b>  | <b>18,31,04,290</b>   | <b>2,56,06,500</b>    |

#### (ii) Reconciliation of shares outstanding at the beginning and at the end of the year

##### Equity shares issued, subscribed and paid up

|  | Number of shares   | Amount              | Number of shares | Amount             |
|--|--------------------|---------------------|------------------|--------------------|
| At the beginning of the year               | 25,60,650          | 2,56,06,500         | 25,60,650        | 2,56,06,500        |
| Add: issue of bonus shares during the year | 1,02,42,600        | 10,24,24,000        |                  |                    |
| Add: issue fo shares during the year       | 55,07,179          | 5,50,71,790         |                  |                    |
| <b>At the end of the year</b>              | <b>1,83,10,429</b> | <b>18,31,04,290</b> | <b>25,60,650</b> | <b>2,56,06,500</b> |

#### (iii) Share holder holding more than 5% of the ordinary shares in the company

|                  | Number of shares | % of total shares held | Number of shares | % of total shares held |
|------------------|------------------|------------------------|------------------|------------------------|
| Raman Bhatia     | 65,74,675        | 35.91%                 | 13,14,935        | 51.35%                 |
| Raman Bhatia HUF | 30,79,175        | 16.82%                 | 6,15,835         | 24.05%                 |
| Sarika Bhatia    | 25,25,675        | 13.79%                 | 5,05,135         | 19.73%                 |

#### (iv) Bonus Share issued

| Date       | Number of shares |
|------------|------------------|
| 31.12.2011 | 2,60,000         |
| 28.08.2013 | 11,70,000        |
| 15.05.2017 | 1,02,42,600      |

#### (v) Rights, preferences and restrictions attached to equity shares

The Company has one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share & is entitled to dividend declared, if any. In the event of liquidation, the equity shareholder are entitled to receive remaining assets of the company after distribution of all preferential amounts in proportion of equity shares held by the shareholders.

**Notes forming part of the financial statements**

| PARTICULARS                                 | AS AT 31st<br>March 2018 | AS AT 31st<br>March 2017 |
|---|--------------------------|--------------------------|
| <b>Note no. 2</b>                           |                          |                          |
| <b><u>RESERVES &amp; SURPLUS</u></b>        |                          |                          |
| <b><u>Profit &amp; Loss Account</u></b>     |                          |                          |
| At the beginning of the year                | 9,63,00,900              | 4,62,68,650              |
| Add: Profit for the year                    | 3,94,89,032              | 5,00,32,250              |
| At the end of the year                      | 13,57,89,932             | 9,63,00,900              |
| Less :- Utilized for issued for bonus share | 9,06,07,300              | -                        |
| <b>(A)</b>                                  | <b>4,51,82,632</b>       | <b>9,63,00,900</b>       |
| <b><u>Share Premium Account</u></b>         |                          |                          |
| At the beginning of the year                | 1,18,18,700              | 1,18,18,700              |
| Add: Received during the year               | 11,56,50,759             | -                        |
| At the end of the year                      | 12,74,69,459             | 1,18,18,700              |
| Less : Utilized for issued for bonus share  | 1,18,18,700              | -                        |
| Less : Utilized for Share issue expenses    | 1,37,71,492              | -                        |
| <b>(B)</b>                                  | <b>10,18,79,267</b>      | <b>1,18,18,700</b>       |
| <b>Total Rs.</b>                            | <b>14,70,61,899</b>      | <b>10,81,19,600</b>      |

**Note no. 3**
**LONG TERM BORROWINGS**
**A. Secured**

|   |                    |                    |
|---|--------------------|--------------------|
| Medium term loans from banks and NBSC's                 | 4,00,77,539        | 3,69,71,017        |
| Buyer's credit against fixed assets (Refer note no. 15) | -                  | 1,10,86,104        |
| Advance received against of fixed assets                | -                  | 1,90,85,719        |
| <b><u>B. Un-Secured Loan</u></b>                        | <b>4,00,77,539</b> | <b>6,71,42,840</b> |

|                       |                    |                    |
|-----------------------|--------------------|--------------------|
| From banks and NBFC's | 3,05,98,323        | 1,00,37,518        |
|                       | 3,05,98,323        | 1,00,37,518        |
| <b>Total Rs.</b>      | <b>7,06,75,862</b> | <b>7,71,80,358</b> |

1) Different banks and NBFC's had sanctioned medium term loans of Rs. 679.77 lacs against hypothecation of vehicles on different dates carrying different rate of interest and different amount of installments. The balance outstanding as on 31.03.2018 was Rs. 643.96 lacs. Those loan are secured against personal guarantees of director besides hypothecation of vehicles.

2) The Company had received housing loan of Rs 340 Lacs from ICICI Bank Limited on 26.12.2017 repayable in 240 monthly installments, secured against equitable mortgage of the property B-4, Green Park Extension, New Delhi along with personal guarantees of directors.

| Particulars                             | Repayable within 1 Year | Repayable after 1 but within 5 Years | Total              |
|---|-------------------------|--------------------------------------|--------------------|
| <b>For the year ended 31/03/2018</b>    |                         |                                      |                    |
| Medium term loans from banks and NBFC's | 35,31,930               | 4,00,77,539                          | 4,36,09,469        |
| Unsecured loans from banks and NBFC's   | 2,40,78,999             | 3,05,98,323                          | 5,46,77,322        |
| <b>Total Rs.</b>                        | <b>2,76,10,929</b>      | <b>7,06,75,862</b>                   | <b>9,82,86,791</b> |

**For the year ended 31/03/2017**

|   |                    |                    |                    |
|---|--------------------|--------------------|--------------------|
| Medium term loans from banks and NBFC's | 24,21,135          | 3,69,71,017        | 3,93,92,152        |
| Unsecured loans from banks and NBFC's   | 1,43,43,016        | 1,00,37,518        | 2,43,80,534        |
| <b>Total Rs.</b>                        | <b>1,67,64,151</b> | <b>4,70,08,535</b> | <b>6,37,72,686</b> |

**Notes forming part of the financial statements**
**PARTICULARS**
**AS AT 31st**
**AS AT 31st**
**Note no. 4**
**March 2018**
**March 2017**
**LONG TERM PROVISIONS**

|   |                    |                    |
|---|--------------------|--------------------|
| Provision for warranty exceeding one year | 4,66,73,724        | 2,40,54,400        |
| <b>Total Rs.</b>                          | <b>4,66,73,724</b> | <b>2,40,54,400</b> |

**Note no. 5**
**SHORT TERM BORROWINGS**

|   |                    |                     |
|---|--------------------|---------------------|
| Working capital loans from banks*                                     | 5,64,10,311        | 5,96,59,181         |
| Current maturities of long - term debts                               | 2,76,10,929        | 1,67,64,151         |
| Buyer's credit loan against import of raw material (Refer note no.15) | 1,36,22,265        | 5,57,03,269         |
| <b>Total Rs.</b>  | <b>9,76,43,505</b> | <b>13,21,26,601</b> |

\*United bank of india had sanctioned fund based working capital limit of Rs. 625 Lakhs and non fund limit of Rs. 1150 lakh secured against hypothecation of inventories, books debts, other current assets (including line on fixed deposit of Rs. 8,36,641.25/- and recurring deposit of Rs. 21,69,641,78/-, plants, other current assets fixed assets of the company except land, besides equitable mortgage of properties of directors and their personal guarantees. (Non fund based) bank guarantee (BG) of Rs. 400 lakhs and Letter of credit of Rs. 750 lakh.

\* Yes Bank Limited had sanctioned non fund based limit of Rs.600 Lakh exclusive charge by the way of f hypothecation of machinery proposed to be purchased out of CAPEX buyer's credit facilities availed from that bank & exclusives charge by equitable mortgage of properties -806, Crown Heights, Crown Plaza Complex, Sector, -10m, Delhi and 72 (GF), pkt-9, Sector-24, Rohini Delhi, 67(FF) Pkt-21, Sector-24, Rohini Delhi-110085, and second charge on current assets and MFA both present & future mortgage of UBI.

**Note no. 6**
**TRADE PAYABLES**

|                  |                     |                     |
|------------------|---------------------|---------------------|
| Trade PAYABLES   | 24,42,07,588        | 16,66,75,370        |
| <b>Total Rs.</b> | <b>24,42,07,588</b> | <b>16,66,75,370</b> |

**Note no. 7**
**OTHER CURRENT LIABILITIES**

|                                 |                    |                    |
|---------------------------------|--------------------|--------------------|
| Advance from customers & others | 89,382             | 1,73,85,979        |
| Expenses payable                | 2,21,25,923        | 1,72,04,508        |
| <b>Total Rs.</b>                | <b>2,22,15,305</b> | <b>3,45,90,487</b> |

**Note no. 8**
**SHORT TERM PROVISIONS**

|                        |                    |                    |
|------------------------|--------------------|--------------------|
| Statutory liabilities  | 10,66,279          | 29,77,696          |
| Provision for taxation | 1,52,00,000        | 2,47,75,204        |
| Provision for warranty | 1,16,68,431        | 60,13,600          |
| <b>Total Rs.</b>       | <b>2,79,34,710</b> | <b>3,37,66,500</b> |

**Note no. 10**
**LONG TERM LOANS & ADVANCES**

|  |                  |                  |
|--|------------------|------------------|
| (Unsecured and considered good)<br>Securities deposits | 31,15,964        | 23,96,266        |
| <b>Total Rs.</b>                                       | <b>31,15,964</b> | <b>23,96,266</b> |

**Note no. 11**
**OTHER NON-CURRENT ASSETS**

|   |                    |                    |
|---|--------------------|--------------------|
| (Unsecured and considered good)<br>Retention and performance guarantee money<br>(retained by customers receivable after one year) | 8,06,91,187        | 6,75,09,807        |
| <b>Total Rs.</b>  | <b>8,06,91,187</b> | <b>6,75,09,807</b> |

**Note no. 12**
**INVENTORIES**

|  |                     |                     |
|--|---------------------|---------------------|
| (As taken, valued and certified by the management) |                     |                     |
| Raw Materials                                      | 5,91,58,349         | 7,63,24,096         |
| Work-in-Process                                    | 62,01,854           | 79,03,321           |
| Finished Goods                                     | 7,05,17,533         | 3,82,25,195         |
| <b>Total Rs.</b>                                   | <b>13,58,77,736</b> | <b>12,24,52,612</b> |

**Note no. 13**
**TRADE RECEIVABLES**

|   |                     |                     |
|---|---------------------|---------------------|
| (Unsecured, considered good unless specified) |                     |                     |
| Outstanding for more than six month           |                     |                     |
| - good  | 5,84,56,490         | 4,54,091            |
| - Doubtful and suit filed*                    | 43,18,256           | 21,69,500           |
| Others  | 37,30,72,311        | 22,70,62,611        |
| <b>Total Rs.</b>                              | <b>43,58,47,058</b> | <b>27,47,12,202</b> |

\* Includes Rs. 13,48,624/- against that the Company had filed suit for recovery against a customer in Rohini district court, Delhi.

**Note no. 14**
**SHORT TERM LOANS & ADVANCES**

|   |                    |                    |
|---|--------------------|--------------------|
| (Unsecured and considered goods. Advances recoverable in cash or in kind or for value to be received or adjusted) |                    |                    |
| Advance to suppliers and others   | 2,06,50,529        | 1,43,29,828        |
| Security deposits   | 19,25,176          | 1,41,837           |
| Prepaid expenses  | 38,66,993          | 26,83,499          |
| Advance income tax  | 1,10,06,968        | 1,10,97,576        |
| <b>Total Rs.</b>  | <b>3,74,49,665</b> | <b>2,82,52,740</b> |

**SERVOTECH POWER SYSTEMS LIMITED**
**Notes forming part of the financial statements**

| <b>PARTICULARS</b>                      | <b>AS AT 31st<br/>March 2018</b> | <b>AS AT 31st<br/>March 2017</b> |
|---|----------------------------------|----------------------------------|
| <b>Note no. 15</b>                      |                                  |                                  |
| <b><u>CASH AND CASH EQUIVALENTS</u></b> |                                  |                                  |
| Balance with scheduled banks            |                                  |                                  |
| - in current Account                    | 2,45,655                         | 11,25,023                        |
| -Fixed deposit*                         | 5,69,20,448                      | 3,96,38,463                      |
| Cash in hand (As certified)             | 7,18,103                         | 10,29,433                        |
| <b>Total Rs.</b>                        | <b>5,78,84,207</b>               | <b>4,17,92,919</b>               |

Fixed deposits amounting to Rs.2,50,27,928/- are under lien with United Bank of India & Yes Bank as margin money against bank guarantee of Rs.11,24,24.379/- issued on behalf of company to various customers as counter performance guarantee and retention money.

Fixed deposits amounting to Rs.4883094/- are under lien with United Bank of India & Yes Bank as margin money against letter of credit of Rs.48830934/- issued on behalf of company to various creditors of company.

Fixed deposits amounting to Rs.1552396/- are under lien with United Bank of India & Yes Bank as margin money against foreign currency loans (buyer & credit) of Rs.13647506/- given by different banks to the company.

Fixed deposit of Rs.8,36,641/- and recurring deposit of Rs.21,69,641/- are under lien with United Bank of India as margin money against working capital facilities sanctioned by them.

**Note no. 16**
**REVENUE FROM OPERATIONS**
**Sales, Including Trading Sales**

|                           |                       |                     |
|---------------------------|-----------------------|---------------------|
| Domestic Sale             | 1,20,49,94,758        | 78,74,00,804        |
| Export Sale               |                       | 1,31,35,662         |
|                           | 1,20,49,94,758        | 80,05,36,466        |
| Less:Excise Duty          | 7,07,741              | 83,17,888           |
| Less:Goods & Services tax | 7,94,37,560           | -                   |
| <b>Total Rs.</b>          | <b>1,12,48,49,457</b> | <b>79,22,18,578</b> |

**Note No. 17**
**OTHER INCOME**

|                   |                  |                    |
|-------------------|------------------|--------------------|
| Interest Received | 25,63,294        | 16,84,929          |
| Export incentives | -                | 89,486             |
| Rebate & Discount | 21,39,063        | 1,04,13,213        |
| Other Income      | 47,76,549        | 1,03,88,001        |
| <b>Total Rs.</b>  | <b>94,78,906</b> | <b>2,25,75,629</b> |

## SERVOTECH POWER SYSTEMS LIMITED

### Notes forming part of the financial statements

| PARTICULARS        | FOR THE YEAR<br>ENDED 31st<br>March 2018 | FOR THE YEAR<br>ENDED 31st<br>March 2017 |
|--------------------|--|--|
| <b>Note no. 18</b> |  |  |

### CONSUMPTION OF RAW MATERIALS

|   |                            |                            |
|---|----------------------------|----------------------------|
| Opening Stock                           | 7,63,24,096                | 8,94,86,191                |
| Add: Purchased during the year          | 1,00,08,68,565             | 56,69,94,371               |
|   | <u>1,07,71,92,661</u>      | <u>65,64,80,562</u>        |
| Less : Central Excise duty              | 2,91,273                   | -                          |
| Less : Goods & service tax              | 8,08,28,366                | 7.63.24.096                |
| Less : Closing Stock                    | 5,91,58,349                | 7.45.157                   |
| Less : Material consumed under warranty | 7,87,230                   | -                          |
| <b>Net Raw materials consumed (Rs.)</b> | <u><b>93,61,27,444</b></u> | <u><b>57,94,11,309</b></u> |

### **Note no. 19**

### CHANGES IN INVENTORIES OF FINISHED GOODS/WORK-IN PROCESS

#### Opening Stock

|                  |                           |                           |
|------------------|---------------------------|---------------------------|
| Finished Goods   | 3,82,25,195               | 2,99,54,694               |
| Work-in-Process  | 79,03,321                 | 1,00,86,712               |
| <b>Total (A)</b> | <u><b>4,61,28,516</b></u> | <u><b>4,00,41,406</b></u> |

#### Closing Stock

|                  |                           |                           |
|------------------|---------------------------|---------------------------|
| Finished Goods   | 7,05,17,533               | 3,82,25,195               |
| Work-in-Process  | 62,01,854                 | 79,03,321                 |
| <b>Total (B)</b> | <u><b>7,67,19,387</b></u> | <u><b>4,61,28,516</b></u> |

|  |              |                             |                           |
|--|--------------|-----------------------------|---------------------------|
| <b>Net (Increase)/ decrease in Stock of Finished Goods /Work-in-Process (RS)</b> | <b>(A+B)</b> | <u><b>(3,05,90,871)</b></u> | <u><b>(60,87,110)</b></u> |
|--|--------------|-----------------------------|---------------------------|

### **Note no. 20**

### EMPLOYEE BENEFIT EXPENSES

|  |                           |                           |
|--|---------------------------|---------------------------|
| Salary, Wages, & Reimbursement Including ESI, PF & Bonus | 6,63,09,719               | 6,24,26,154               |
| Labour & Staff Welfare Expenses                          | 10,62,867                 | 22,21,334                 |
| <b>Total Rs.</b>   | <u><b>6,73,72,587</b></u> | <u><b>6,46,47,488</b></u> |

### **Note no. 21**

### FINANCE COSTS

|  |                           |                           |
|--|---------------------------|---------------------------|
| Interest on Medium Term Loan / Deferred Credit | 1,08,14,793               | 1,25,60,598               |
| Interest on Working Capital Loan               | 63,16,117                 | 63,99,822                 |
| Bank Charges                                   | 46,29,029                 | 41,61,925                 |
| Difference in Currency Fluctuation             | (10,77,154)               | (29,50,117)               |
| <b>Total Rs.</b>                               | <u><b>2,06,82,785</b></u> | <u><b>2,01,72,228</b></u> |



## SERVOTECH POWER SYSTEMS LIMITED

### Notes forming part of the financial statements

| PARTICULARS                                   | FOR THE YEAR<br>ENDED 31st<br>March 2018 | FOR THE YEAR<br>ENDED 31st<br>March 2017 |
|---|--|--|
| <b>Note no. 22</b>                            |  |  |
| <b><u>OTHER EXPENSES</u></b>                  |  |  |
| <b>a) Direct Expenses</b>                     |  |  |
| Power & Fuel Expenses                         | 12,47,159                                | 10,21,703                                |
| Repair & Installation Expenses                | 1,60,11,213                              | 1,63,29,655                              |
| Job Work                                      | 6,15,170.00                              | 20,60,283                                |
| Cartage Inward                                | 23,34,518                                | 12,61,594                                |
| Consumable Goods                              | 77,130                                   | 9,61,817                                 |
| <b>Total Rs.</b>                              | <b><u>2,02,85,190</u></b>                | <b><u>2,16,35,052</u></b>                |
| <b>b) Administrative Expenses</b>             |  |  |
| Printing and stationery                       | 2,29,997                                 | 2,78,638                                 |
| Rent  | 29,86,630                                | 32,31,103                                |
| Postage, telegram and telephone expenses      | 8,83,090                                 | 17,99,891                                |
| Computer and IT Expenses                      | 12,31,272                                | 8,99,997                                 |
| Electricity expenses                          | 2,28,625                                 | 2,97,100                                 |
| Travelling and conveyance                     | 34,37,778                                | 35,98,948                                |
| Legal and professional charges                | 12,92,040                                | 19,35,572                                |
| Fees and subscription                         | 3,28,918                                 | 5,09,597                                 |
| Insurance expenses                            | 10,30,437                                | 5,35,557                                 |
| Repairs and maintenance                       | 12,33,038                                | 10,27,416                                |
| Vehicle hiring charges                        | -  | 72,999                                   |
| Vehicle maintenance                           | 6,51,410                                 | 5,90,019                                 |
| WCT deducted                                  | -  | 1,24,909                                 |
| Interest on sales tax input reversal          | -  | 1,52,000                                 |
| Cenvat reversal and excise paid               | -  | 14,75,123                                |
| Loss/ (profit) on sale of fixed assets        | 37,943                                   | 57,165                                   |
| General expenses                              | 18,72,004                                | 31,03,660                                |
| <b><u>Auditors' Remuneration</u></b>          |  |  |
| - As Statutory & Tax auditors                 | 3,00,000                                 | 2,30,000                                 |
| <b>Total Rs.</b>                              | <b><u>1,57,43,181</u></b>                | <b><u>1,99,19,694</u></b>                |
| <b>c) Selling &amp; Distribution Expenses</b> |  |  |
| Advertisement and publicity expenses          | 85,000                                   | 95,602                                   |
| Freight & labour charges                      | 1,14,07,736                              | 1,05,49,259                              |
| Excise duty on sales                          | -  | 35,36,955                                |
| Commission paid                               | 10,750                                   | 72,993                                   |
| Designing charges                             | 20,950                                   | 12,000                                   |
| Liquidation damage                            | 66,74,281                                | -  |

## SERVOTECH POWER SYSTEMS LIMITED

### Notes forming part of the financial statements

| PARTICULARS                     | FOR THE YEAR       | FOR THE YEAR       |
|---------------------------------|--------------------|--------------------|
|                                 | ENDED 31st         | ENDED 31st         |
|                                 | March 2018         | March 2017         |
| Business promotion              | 17,35,546          | 11,63,544          |
| Discount on sale                | 26,113             | 4,74,384           |
| Export expenses                 | -                  | 1,54,526           |
| Warranty expenses               | 3,25,22,000        | 3,15,51,963        |
| <b>Total Rs.</b>                | <b>5,24,82,376</b> | <b>4,76,10,686</b> |
| <b>Total Rs. (a + b + c)</b>    | <b>8,85,10,747</b> | <b>8,91,65,432</b> |
| <b>Note no. 23</b>              |                    |                    |
| <b><u>EXCEPTIONAL ITEMS</u></b> |                    |                    |
| Prior Period expenses           | 3,87,549           | 5,63,078           |
| Less: Prior period income       | (3,80,930)         | (33,994)           |
| <b>Total Rs.</b>                | <b>6,619</b>       | <b>5,29,084</b>    |

**SERVOTECH POWER SYSTEMS LIMITED****Note No. 24****ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES****A. SIGNIFICANT ACCOUNTING POLICIES****1. CORPORATE INFORMATION**

Servotech Power Systems Limited ("the Company") was incorporated on 24/09/2004 as a private Limited company and converted in Public Limited company domiciled in India on 24/05/2017. Its shares are listed on NSE SME platform. The company is primarily engaged in manufacturing of LED lights and Solar products.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****(i) Basis of preparation of Financial Statements**

The financial statements are prepared in accordance with the Generally Accepted Accounting Principles in India ('Indian GAAP') to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention on accrual basis. All amounts included in the financial statements are reported in absolute figures of Indian Rupees.

**(ii) Presentation and disclosure of financial statements**

During the year end 31st March 2018, the Company has presented the financial statements as per the Schedule III notified under the Companies Act, 2013. The Company has also reclassified the previous figures in accordance with the requirements applicable in the current year.

**(iii) Use of estimates**

The preparation of financial statements in conformity with Indian GAAP requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, if any at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

**(iv) Tangible Fixed Assets (AS 10)**

Tangible Fixed assets are carried at cost of acquisition and other applicable costs less accumulated depreciation and accumulated impairment loss, if any. The cost of fixed assets includes cost of acquisition plus, any freight, taxes, duties and other incidental expenses that are directly attributable to bring the assets to their working conditions for their intended use.

When parts of the items of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Subsequent expenditure relating to the property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably. Gain / loss arising from de-recognition / sale / disposal of fixed assets are measured as the difference between the net disposal / sale proceeds and the carrying amount of the assets and are recognized in the statement of profit or loss when the asset is derecognized / disposed off. No assets have been revalued during the year.

**(v) Borrowing Costs (AS 16)**

Loan processing charges paid to bank for bank cash credit facilities and Mortgage Loan have been charged to revenue account since the same are not attributable to the acquisition of qualifying assets as per the requirements of AS 16. Borrowing cost primarily includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings.

**(vi) Impairment of tangible and Intangible Assets (AS 28)**

As per the estimates made by the management and as per the various assessments made by the management, there were no indicators whether internal or external (as provided in para 8 of AS 28) which has led to the impairment loss to any assets. Since there are no such indicators which suggest that the net value of the assets would fall significantly by passage of time and normal use, the company has not provided for any impairment loss for any assets during the current financial period. The company has chosen the “value in use” technic and as per the measurement of future cash flow, the management is of the opinion that the future cash flow and the terminal value of the assets would not be significantly less than the carrying value and hence no impairment for any assets has been provided for in the financial statements. In the opinion of the Board of Directors and to the best of their knowledge and belief the aggregate value of the current assets, loans and advances on realization in the ordinary course of business, will not be less than the amount at which they are stated in the Balance Sheet.

#### **(vii) Investments (AS 13)**

Investments which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. On disposal of an investment, if any, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

#### **(viii) Government grants and subsidies (AS 12)**

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant / subsidy will be received. When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

During the year, the Company has not applied for any Grants / subsidies related to the Revenue or specific Fixed Assets nor the Company has received any such Grants / subsidies during the year.

#### **(ix) Inventories (AS 2)**

Inventories of materials including stores and spares and consumables, packing materials, components, work-in-progress, project work-in-progress are valued at the lower of cost and estimated net realisable value. Cost in case of work in progress is determined on the basis of the actual expenditure attributable to the said work till the end of the reporting period.

#### **(x) Revenue recognition (AS 9)**

Revenue comprises sale of materials, service income, repair income and interest. Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and that the revenue can be reliably measured. The Company collects goods and service tax, sales taxes, service tax, value added taxes (VAT) as applicable on behalf of the government and therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. The company has made proper provision of warranty given to the customers on its products after being assessed and reported by certified actuary.

##### **Sales:**

Revenue from sale of goods is recognized in the statement of profit and loss when the significant risks and rewards in respect of ownership of goods has been transferred to the buyer as per the terms of the respective sales order, and the income can be measured reliably and is expected to be received.

##### **Revenue from development projects:**

Contracts to deliver electrification projects are recognized in revenue based on the delivery of materials related to the project and accordingly the customers are billed to the extent of value of materials supplied at the site. The revenue from installation of project has been booked only after receipt of confirmation from concerned customers.

Interest income:

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

**(xi) Retirement and other Employee benefits (AS 15)**

Defined contributions to Provident Fund are charged to the statement of Profit & Loss of the year, when the employee renders the related service. There are no other obligations other than the contribution payable to the respective statutory authorities.

No retirement benefits have been paid to any employee during the year by the Company. Retirement benefits in the form of Gratuity and other long term / short term employee benefits have not been provided in the financial statements.

**(xii) Foreign Exchange Transactions (AS 11)**

The Company had entered amount spent on cost of foreign currencies incurred on travelling at the cost price of purchase of those currencies and booked foreign exchange transaction relating to import of raw materials and fixed assets on assessable rate provided by custom authorities in its books of accounts.

**(xiii) Taxation (AS 22)**

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits. At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT credit entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period in future. Separate and detailed calculation of Deferred tax is appended in Annexure A to these notes. During the F.Y. 2017-2018, the provisions of ICDS under the Income Tax Act, 1961 have been applicable to the Company and hence the provisions of Current tax have been made after considering the effects of ICDS wherever applicable. ICDS are not to be considered for maintaining the books of accounts and preparation of Financial statements.

#### **(xiv) Provisions and contingent liabilities, Contingent assets (AS 29)**

A provision is recognized when the Company has a present obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made of the amount of obligation. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Provisions of various expenses are recognized in the financial statements since there exists present obligations as a result of event and the expenses are accrued and incurred during the year.

The opening balance of provisions is used during the year against the payments during the year. The closing balances of provisions are the expenses accrued during the year and provided.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably.

The Company does not recognize a contingent liability but discloses its existence in the financial statements unless the possibility of an outflow is remote. A contingent asset is not recognized in the Financial statements and hence not disclosed.

#### **(xv) Earning / (loss) per share (AS 20)**

Basic earnings / (loss) per share are calculated by dividing the net profit / (loss) for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

The weighted average number of equity shares outstanding during the period are adjusted for any bonus shares issued during the year and also after the balance sheet date but before the date the financial statements are approved by the board of directors for the purpose of calculating diluted earnings / (loss) per share. The net profit / (loss) for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares as appropriate. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

#### **(xvi) Cash and Cash Equivalents**

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand, cheques on hand and short-term investments with an original maturity of three months or less.

#### **(xvii) Operating leases**

Where the Company is a lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on the basis of the lease (rent agreements). Initial direct costs such as legal costs, brokerage costs, etc. if any, are recognized immediately in the statement of profit and loss.

Where the Company is a lessor Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease except where another systematic basis is more representative of the time pattern of the benefit derived from the asset given on lease.; or the payments to the lessor are structured to increase inline with expected general inflation to compensate for the lessor's expected inflationary cost increases.



**B. CONTINGENT LIABILITIES**

|  | As at 31st<br>March 2018 | As at 31st<br>March 2017 |
|--|--------------------------|--------------------------|
| A. Claim against the company not acknowledged as debt Bank Guarantee (Performance Guarantee)<br>( Margin of Rs. 2,50,27,928/- previous year Rs.1,45,61,887/-)<br>Two outside parties had filed claim for recovery of Rs.2,39,087/ before district court/ consumer court. The matter is pending before the respective courts. | 112,424,379              | 54,962,591               |
| B. Estimate amount of Outstanding Capital Commitment   | -                        | -                        |

**C NOTES TO THE ACCOUNTS**
**1 RELATED PARTY TRANSACTIONS**

| Name of related party  | Nature of relationship  | Nature of Transaction   | For the year ended 31st March 2018 | Balance as at 31st March 2018 |        |
|--|---|-------------------------|------------------------------------|-------------------------------|--------|
|  |   |                         |                                    | Debit                         | Credit |
| Raman Bhatia   | Key management personnel                                      | Revenue from operations | -                                  |                               |        |
|  |   | Managerial remuneration | 4,026,364                          |                               |        |
| Sarika Bhatia  | Key management personnel                                      | Revenue from operations | -                                  |                               |        |
|  |   | Managerial remuneration | 3,091,440                          |                               |        |
| Arun Handa   | Key management personnel                                      | Managerial Remuneration | 1,138,500                          |                               |        |
| Manohar Lal Bhatia   | Relative of director  | Salary                  | 503,300                            |                               |        |
| Rishabh Bhatia   | Relative of director  | Salary                  | 444,000                            |                               |        |
| Vikas Bhatia   | Relative of director  | Salary                  | 649,566                            |                               |        |
| Anjali Handa   | Relative of director  | Salary                  | 463,815                            |                               |        |
| Service Solution   | Entity in which director(s) or their relatives are interested | Revenue from operations | 76,792,482                         | 731,603,193                   |        |
|  |   | Purchases               | -                                  |                               | 30,040 |
| Bhatia Electronics   | Entity in which director(s) or their relatives are interested | Revenue from operations | 113,799,150                        |                               |        |
|  |   | Purchases               | 4,601,104                          | 42,944,134                    |        |
| Hertz and Pixelz<br>(transactions upto May 2017 as the interested director resigned) | Entity in which director(s) or their relatives are interested | Rent income             | 46,000                             | -                             |        |

## 2 RELATED PARTY TRANSACTIONS

### Previous year transaction

| Name of related party | Nature of relationship  | Nature of transaction           | For the year ended 31st March 2017 |         | Balance as at 31st March 2017 |
|-----------------------|---|---------------------------------|------------------------------------|---------|-------------------------------|
|                       |   |                                 |                                    | Debit   | Credit                        |
| Raman Bhatia          | Key management personnel                                      | Revenue from operations (Sales) | 14,766                             | 108,674 | 114,122                       |
|                       |   | Managerial remuneration         | 3,000,000                          |         |                               |
| Sarika Bhatia         | Key management personnel                                      | Revenue from operations (Sales) | 19,115                             | -       | 184,108                       |
|                       |   | Managerial remuneration         | 3,000,000                          |         |                               |
| Arun Handa            | Key management personnel                                      | Managerial remuneration         | 1,062,043                          | 1,208   | 87,661                        |
| Pankaj Malik          | Key management personnel                                      | Managerial remuneration         | 1,050,000                          | -       | -                             |
| Manohar Lal Bhatia    | Relative of director  | Salary                          | 504,000                            | -       | 35,607                        |
| Rishabh Bhatia        | Relative of director  | Salary                          | 315,097                            | -       | 33,661                        |
| Vikas Bhatia          | Relative of director  | Salary                          | 623,353                            | 1,208   | 31,476                        |
| Anjali Handa          | Relative of director  | Salary                          | 360,320                            | -       | 42,165                        |
| Service Solution      | Entity in which director(s) or their relatives are interested | Revenue from operations (Sales) | 1,807,406                          | -       | 5,080,079                     |
|                       |   | Purchases                       | 18,208,044                         |         |                               |
| Bhatia Electronics    | Entity in which director(s) or their relatives are interested | Revenue from operations (Sales) | 4,422,268                          | -       | -                             |
|                       |   | Purchases                       | 16,289,025                         |         |                               |
| Hertz and Pixelz      | Entity in which director(s) or their relatives are interested | Revenue from operations (Sales) | 2,881                              | -       | 28,131                        |
|                       |   | Rent income                     | 240,000                            |         |                               |
|                       |   | Business Promotion Expenses     | 100,012                            |         |                               |

|                  |   |                                |         |
|------------------|---|--------------------------------|---------|
| Raman Bhatia HUF | Entity in which director(s) or their relatives are interested | Security deposit received back | 129,420 |
|------------------|---|--------------------------------|---------|

|   |   |
|---|---|
| <b>For the year ended 31st March 2018</b> | <b>For the year ended 31st March 2017</b> |
|---|---|

### 3 CIF VALUE OF IMPORTS

|                         |            |             |
|-------------------------|------------|-------------|
| Import of Raw Materials | 68,803,005 | 101,240,574 |
| Import of Fixed Assets  | -          | 4,954,490   |

### 4 EXPENDITURE IN FOREIGN CURRENCY

|                             |            |            |
|-----------------------------|------------|------------|
| Import of Raw Materials     | 67,113,801 | 98,643,828 |
| Interest on Buyers Credit   | 779798     |            |
| Foreign Travelling Expenses | 122180     |            |
| Import of Fixed Assets      | -          | 4,847,713  |

### 5 FOB VALUE OF EXPORTS

- 11,745,232

In the opinion of the Board, the current assets, loans and advances have a value on realisation in the ordinary course of business , at least equal to the aggregate amount as shown in the Balance Sheet.

Tax Liabilities on VAT input taken on purchase of various fixed assets/spares parts and consumable Goods will be accounted for as and when liabilities if any arises due to assessment by VAT authorities.

The outstanding balances of Sundry Debtors and Creditors are as per the the books of accounts of the Company and are subject to confirmation.

Previous year figures have been regrouped/rearranged wherever found necessary.

Notes 1 to 24 are forming part of Balance Sheet & Statement of Profit & Loss and have been duly authenticated .

As per our report annexed  
for GUPTA JALAN & ASSOCIATES  
Chartered Accountants

For and on  
behalf of  
board

CA R.N. Jalan  
(Partner)  
M.No.- 082389

Raman Bhatia  
(Director)  
DIN-00153827

Sarika Bhatia  
(Director)  
DIN-00155602

Place: Delhi

Pallavi Sahni  
(Company  
Secretary )

G. Das Singla  
( CFO )

Date:29.05.2018

M.No.-46035

PAN-AOAPS3143J

**ATTENDANCE SLIP****SERVOTECH POWER SYSTEMS LIMITED****CIN – U31200DL2004PLC129379****Regd. office: 806, 8th Floor, Crown Heights, Hotel Crowne Plaza,  
Sector-10, Rohini, New Delhi-110085****Tel: +91 - 011 -41117657****Email: servotech@servotechindia.com Website:www.servotech.in****ATTENDANCE SLIP**

Name of the sole / first named member .....

Address of the sole / first named member .....

Registered Folio No .....

DP ID No./Client ID No.\* .....

Number of shares held .....

I hereby record my presence at the 14 th Annual General Meeting of the Company held on 29th September  
2018 at Hotel Crowne Plaza, Twin District Centre, Sector-10, Rohini, New Delhi-110085 at 09:00 AM

Signature of Member/Proxy present



Note: Members are requested to fill up the attendance slip and hand it over at the venue of the meeting.

\*Applicable for investors holding shares in electronic form.

-----Tear here-----

## PROXY FORM

**SERVOTEC POWER SYSTEMS LIMITED**

**CIN – U31200DL2004PLC129379**

**Regd. office: 806, 8th Floor, Crown Heights, Hotel Crowne Plaza,**

**Sector-10, Rohini, New Delhi-110085**

**Tel: +91 - 011 - 41117657**

**Email: servotech@servotechindia.com Website:www.servotech.in**

### PROXY FORM

**Form No. MGT-11**

**Pursuant to Section 105(6) of the Companies Act and Rule 19(3) of the Companies (Management and Administration) Rules, 2014**

**Name of the member(s) :.....**

**Registered Address :.....**

**Email Id:.....**

**Folio No/ Client ID ... DP ID.....**

**I/We.....being the member(s) of Equity Shares  
of the above named Company, hereby appoint :**

**1. Name:.....**

**Address.....**

**E-mail Id: .....Signature: .....;or failing him**

**2.Name:.....**

**Address : .....**

**E-mail Id: .....Signature: .....;or failing him**

**3. Name:.....**

**Address: .....**

**E-mail Id: .....Signature:.....**

As my / our proxy attend and vote (on a poll) for me / us and on my / our behalf at the 14 th Annual General Meeting of the Company to be held on held on 29th September 2018 at Hotel Crowne Plaza, Twin District Centre, Sector-10, Rohini, New Delhi-110085 at 09:00 AM and at any adjournment thereof in respect of such resolutions as are indicated below:

| Item No. | Resolutions   | For | Against |
|----------|---|-----|---------|
| 1.       | To receive, consider and adopt the Audited Financial Statement of the Company for the Financial Year ended on 31 <sup>st</sup> March, 2018 along with the reports of the Board of Directors and Auditors thereon. |     |         |
| 2.       | To appoint Director in place of Mrs. Sarika Bhatia(DIN: 00155602), who, retires by rotation at this Annual General Meeting, and being eligible, offers herself for Re-Appointment.                                |     |         |
| 3.       | To consider & approve the Appointment of Statutory Auditors and fixing their remuneration   |     |         |
| 4.       | To consider & approve the Appointment Of Yogesh Mahajan ( DIN:03494048) as Independent Director Of The Company  |     |         |

Signed this ..... day of ..... 2018.

Affix Re 1  
Revenue  
Stamp

Signature of shareholder.....

Signature of Proxy Holder(s): 1) .....2) .....3) .....

**Note:**

1) Please complete all the details including details of member(s) in the above Box before submission.

2) It is optional to put "X" in the appropriate column against the Resolutions indicated in the Box. If you leave the "For" or "Against" column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/ she thinks appropriate.

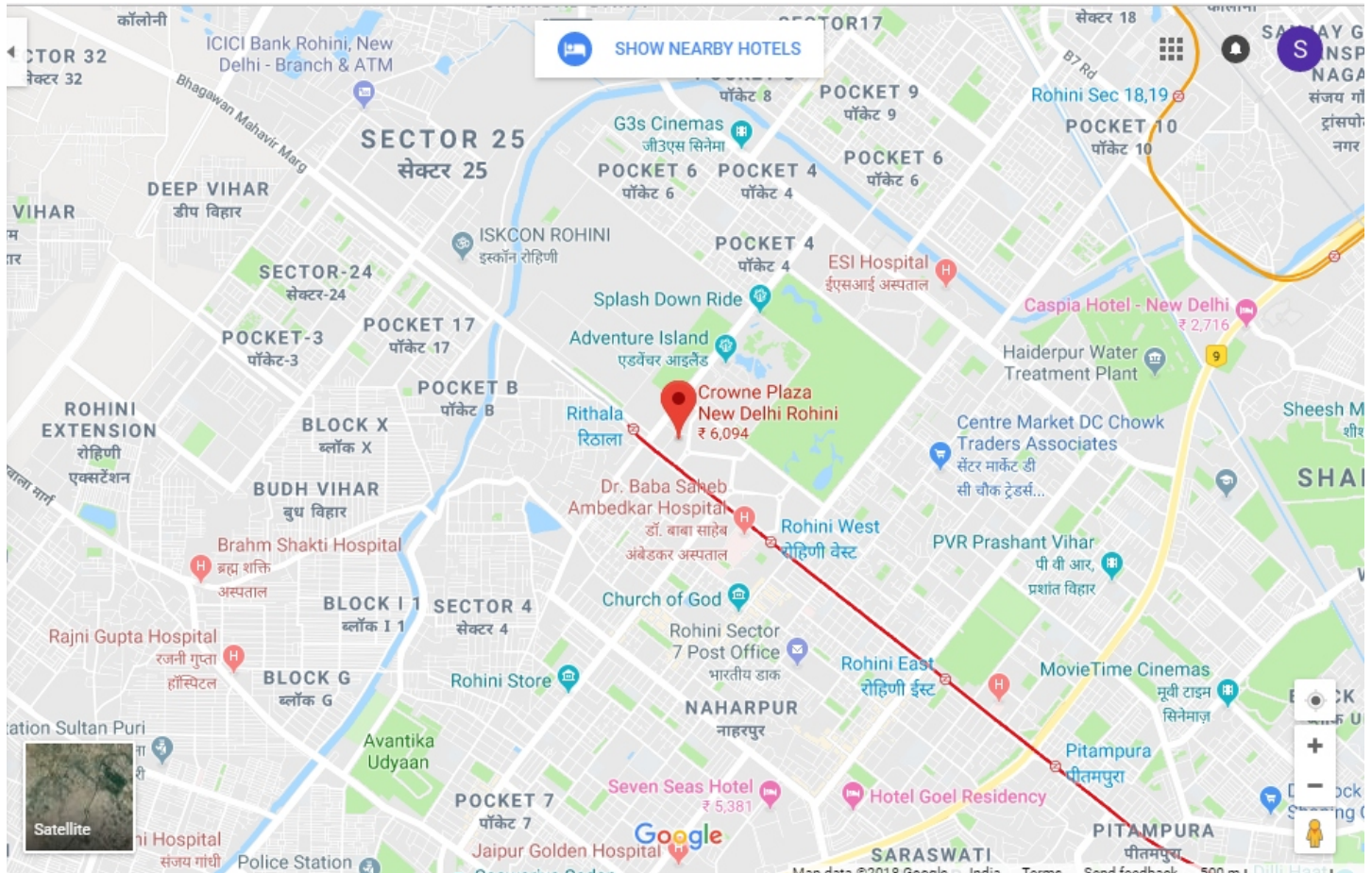
3) A proxy can act on behalf of such number of member or members not exceeding 50 and holding in aggregate not more than 10% of the total share capital of the Company. Provided that a member holding more than 10% of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.

4) The Form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



## Route Map To The Venue of AGM

### Hotel Crowne Plaza, Twin District Centre, Rohini



# Servotech Power Systems Limited

REGISTERED OFFICE : 806, 8th Floor, Crown Height,  
Hotel Crowne Plaza, Sector-10, Rohini, New Delhi-110085

PLANT AND R&D : 357, Sector-56, Phase-V, EHTP,  
HSI IDC Industrial Estate, Kundli, Sonapat 131028, Haryana

Sales/after Sales and Service : 011-39587178, +91 9717691800

Email:-service@servotechindia.com

Email:-servotech@servotechindia.com

[www.servotech.in](http://www.servotech.in)

