

All the meticulous planning and detailing that goes into producing a generator is not something people think of – nor should they! We work hard to make sure that people don't have to think about generators – after all that's what we do for a living. In TDPS we make first class generators for the world.


www.tdps.co.in

tdpsTM is

global

Annual Report
2016

TD Power Systems Limited





● Installations

Afghanistan	Canada	Georgia	Jordan	Nepal	Salvador	Thailand
Argentina	China	Germany	Kenya	Netherlands	Saudi Arabia	Tunisia
Albania	Costa Rica	Guatemala	Korea	Nicaragua	Sierra	Turkey
Algeria	Colombia	Guinea Bissau	Laos	Niger	Singapore	UAE
Australia	Congo	Honduras	Lebanon	Nigeria	South Africa	Uganda
Austria	Czech Republic	India	Latvia	Norway	South Korea	UK
Bangladesh	Egypt	Indonesia	Malaysia	Oman	Spain	Ukraine
Belize	Ethiopia	Ireland	Mauritius	Pakistan	Sri Lanka	USA
Belarus	Fiji	Iran	Mexico, Lapaz	Panama	Sweden	Vietnam
Borundi	France	Iraq	Morocco	Philippines	Switzerland	Yemen
Brazil	Faroe Islands	Italy	Mozambique	Poland	Taiwan	Zambia
Burkina Faso	Ghana	Japan	Myanmar	Russia	Tanzania	

Service Centers

Argentina	Indonesia	Turkey
Australia	Japan	UK
Brazil	Netherlands	UAE
Bangladesh	Norway	USA
Canada	Nigeria	
Costa Rica	Russia	
Germany	Singapore	
Italy	South Africa	
India	Thailand	

● Subsidiary Companies

USA
Japan
Germany

tdps™ is global

At TDPS, we focus on custom-designed generators benchmarked to global quality standards for customers including transnational OEMS, based in advanced markets. Over 3000+ generators manufactured by us are installed in 80+ countries across the globe spanning Asian, European, American & African continents. They are built to operate in complex power plant locations under different climatic and topographical conditions in complex power plant locations.

Supporting the worldwide installation base is a network of 21 service partners offering various services such as onsite support in erection and commissioning, training field technicians in commissioning & preventive maintenance activities at plant locations.

Experience and expertise gained from our focus on advanced markets will enable us to expand our global footprint by entering new markets.

Over the years, TDPS has established itself as one of the leading AC generator manufacturers, delivering a wide product spectrum - from 1 to 250MVA. Our AC generator range is designed for turbines-steam, gas, hydro, wind & diesel and gas engine applications. Our product offering also caters to geothermal, solar thermal, oil & gas applications.

TDPS has obtained global product certifications:



COMPANY INFORMATION

www.tdps.co.in

CIN: L31103KA1999PLC025071

Registered Office & Unit 1

27, 28 & 29, KIADB Industrial Area
Dabaspet, Nelamangala Taluk
Bengaluru Rural District
Bengaluru – 562 111, India
Tel: + 91-80-2299 5700/6633 7700
Fax: + 91-80-7734 439/2299 5718

Unit 2

Survey No. 59/2, Yedehalli Village
Dabaspet, Nelamangala Taluk
Bengaluru Rural District
Bengaluru - 562 111, India

Japan Branch Office

3-3 Kitashinagawa
3 Chome, Shingawa-KU
Tokyo, Japan Zip code No. 140-0001

Wholly Owned Subsidiaries

DF Power Systems Private Limited
TD Power Systems (USA) Inc.
TD Power Systems Japan Limited
TD Power Systems Europe GmbH

Bankers

Bank of Baroda
Standard Chartered Bank
ICICI Bank Limited

Auditors

B.K. Ramadhyani & Co. LLP
Chartered Accountants
Bangalore – 560 055

Stock Exchanges

(Where the shares of the Company are listed)

BSE Limited
National Stock Exchange of India Ltd.

Registrar and Transfer Agents (RTA)

Link Intime India Private Limited

Investors grievance redressal e-mail id

investor.relations@tdps.co.in

Board of Directors**Chairman**

Mohib N. Khericha

Managing Director

Nikhil Kumar

Director and CFO

K. G. Prabhakar

Independent Directors

Nandita Lakshmanan
Arjun Kalyanpur
Nitin Bagamane
Ravi Kanth Mantha

Company Secretary

N. Srivatsa

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DIRECTORS' REPORT

Dear Members

Your Directors have pleasure in presenting the Seventeenth Annual Report (Boards' Report) together with the Audited Financial Statements of the Company (Company or TDPS) for the financial year ended March 31, 2016.

Financial Results

	For the year ended March 31, 2016 (Rs. in Lakhs)	For the year ended March 31, 2015 (Rs. in Lakhs)
Revenue from operations & other Income	47,436.15	42,195.06
Operating Profit (EBITDA)	5,011.73	5,472.94
Finance cost	481.45	371.99
Depreciation & amortization	2837.62	2,800.60
Profit before Tax (PBT)	1692.66	2,300.35
Tax expense	194.78	604.06
Profit after Tax (PAT)	1,497.88	1,696.29
Add: Surplus brought forward from the Previous Year	20,911.63	20,627.58
Less: Depreciation on Opening balance	-	152.26
Available for appropriation	22,409.51	22,171.61
Appropriations		
Provision for Dividends and Tax thereon	1,220.12	1,059.13
Transfer to General Reserves	122.77	200.85
Surplus carried to Balance Sheet	21,066.62	20,911.63

Note: The above figures are extracted from the standalone financial statement of the company

Despite the continuing market and economic challenges & decrease in order inflow by 19%, your Company increased its revenue from operations by Rs. 5,241.09 lakhs in Fiscal 2016, a rise of about 12.42%. Net sales from manufacturing business at Rs. 35,925.91 lakhs, increased by Rs.316.80 lakhs, contributing 75.74% of our Total Income in Fiscal 2016. Net sales from our Project Business at Rs.9,609.10 lakhs increased by Rs. 4,741.71 lakhs, a growth of 97.42% contributing 20.26% of our Total Income in Fiscal 2016. Exports and deemed exports contributed 56% of manufacturing Revenue which reflects our continuing focus on growing our overseas markets. The generators manufactured by the company have been installed in over 80 countries worldwide, reflecting the global focus of the company.

Earnings Before interest, tax, depreciation & amortization (EBITDA) lower by 8.43% at Rs. 5,011.73 Lakhs as compared to Rs. 5,472.94 Lakhs in the previous year due to provisioning for bad & doubtful debts on account of our Japan branch office. The Profit after tax decreased by Rs. 198.41 lakhs to Rs. 1,497.88 lakhs as compared to Rs. 1,696.29 lakhs, a decrease of 11.70% over previous year.

The pending orders as of March 31, 2016 is Rs.36,386.42 lakhs comprising of both manufacturing (Rs. 29,466.54 lakhs) and project business (Rs.6,919.88 lakhs).

The net worth of the Company stands at Rs. 49,405.89 lakhs with the accretion of Rs. 277.76 lakhs to total reserves during the year.

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

Transfer to Reserve

The company proposes to transfer Rs. 122.77 lakhs to the General Reserve on account of declaration of Dividend.

Directors' Report (contd.)

Dividend

The Directors have recommended a dividend of Rs. 3.05 per equity share (an increase of 15%) for the year ended March 31, 2016 as against Rs. 2.645 per equity share for the year ended March 31, 2015. This Dividend is subject to approval of the shareholders at the forthcoming Annual General Meeting (AGM). The dividends will entail a payout of Rs. 1,220.12 lakhs including dividend distribution tax of Rs. 206.37 lakhs.

Management Discussion & Analysis

Pursuant to Regulation 34 read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter called as LODR / Listing Regulations) with the stock exchanges, the Management Discussion & Analysis report covering operations, performance & outlook of the Company is annexed as Annexure 9 to the Boards' Report.

Corporate Governance Report

In terms of Regulation 34 read with Schedule V of LODR, a Report on Corporate Governance along with Compliance Certificate issued by Practicing Company Secretary is attached as Annexure 10 and forms an integral part of this Report (hereinafter "Corporate Governance Report").

Note on Board evaluation, Board Diversity Policy, Training of independent directors - familiarization of directors, Whistle Blower policy / Vigil mechanism, Nomination and Remuneration policy form part of the Corporate Governance report.

Declaration by Independent Director

The Company has received necessary declaration from Independent Director under Section 149 (7) of the Companies Act, 2013, that he/she met the criteria of independence laid down in section 149 (6) of the Companies Act, 2013 and Regulation 16 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

Policy on Directors' appointment and remuneration

The current policy is to have an appropriate mix of executive and independent directors to maintain the independence of the board, and separate its functions of governance and management.

The policy of the Company on directors' appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a directors and other matters as required under Section 178 (3) of the Companies Act, 2013 is available on the Company's website www.tdps.co.in. There has been no change in the policy since the last fiscal year. We affirm that, remuneration paid to the directors is as per the terms laid out in the Nomination and Remuneration policy of the Company.

Details of Policy on directors' appointment and remuneration form part of the Corporate Governance report - Annexure 10.

Subsidiaries

As on March 31, 2016, the Company has four (4) wholly owned subsidiaries - DF Power Systems Private Limited (an Indian Subsidiary), TD Power Systems (USA) Inc., in the United States of America, TD Power Systems Japan Limited, in Japan and TD Power Systems Europe GmbH in Germany.

In accordance with Section 129(3) of the Companies Act, 2013, read with Rule 8 of Companies (Accounts) Rules, 2014, the Company has prepared its consolidated financial statement including all the said Subsidiaries which is forming part of this Report. Further, a statement containing the salient features of the financial statement of the said subsidiaries in Form AOC-1 is appended as Annexure 2 to the Boards' Report.

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

Directors' Report (contd.)

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

Indian Subsidiary

During the year ended March 31, 2016, the Wholly Owned Subsidiary (WOS) DF Power Systems Private Limited continued scaling down of business in keeping with the decision to disengage from BTG/ EPC projects. Required resources and manpower was earmarked for completion of the two ongoing projects in Karnataka and Chhattisgarh. As on date of this report, both projects have been commissioned. All the residual activities in respect of these projects will be completed during the current year. During the year ended March 31, 2016 the WOS incurred loss of Rs. 2,030.06 lakhs on a total revenue of Rs. 2,545.61 lakhs mainly due to fall in revenues consequent on scaling down of business.

US Subsidiary

The operations of this subsidiary have been scaled down completely during the year since the expected market response was belied. The operations of this Company during the year under report have resulted in revenue of Rs. 451.29 lakhs and a loss of Rs. 337.75 lakhs. The loss was mainly due to termination cost incurred for closure of office and infrastructure.

During the current year, the operations will be limited to supporting current customers and any expansion will depend on market revival.

Japan Subsidiary

The operations of this Company during the year under report have resulted in revenue of Rs. 2,871.55 lakhs and a loss of Rs. 20.29 lakhs. The Company's order book as of March 31, 2016 stands at Rs. 966.10 lakhs. The activities of this subsidiary will now be conducted through the Company's Branch office at Japan.

German Subsidiary

TD Power Systems (Europe) GmbH, based in Germany, is a wholly owned subsidiary (WOS) effective January 13, 2016 and the first financial year of the said Company ended on March 31, 2016. The operations during the year under report have resulted in a loss of Rs. 28.32 Lakhs mainly representing employee and establishment costs.

TDPS Europe has commenced activities during the year under report and it is expected that this presence will enhance our market outreach in Europe generally while it also helps in servicing existing customers in responding to their growing requirements for Generators.

Internal Financial Control

The Company has designed and implemented a process driven framework for Internal Financial Controls ("IFC") within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2016, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weakness exists. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and/or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

Directors' Responsibility Statement

Pursuant to clause (c) of sub section (3) of section 134 of the Companies Act, 2013, with respect to the Directors' Responsibility Statement, it is hereby confirmed that

- a. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- c. The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

Directors' Report (contd.)

- d. The directors have prepared the annual accounts on a going concern basis;
- e. The directors, have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f. The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Board of Directors & Key Managerial Personnel

Board of Directors ("The Board")

During the fiscal 2016 pursuant to section 161 (4) of the Companies Act, 2013, and other applicable provision, if any of the Companies Act, 2013 and Article 135 of the Articles of Association of the Company, Mr. K. G. Prabhakar (DIN 07187463), was appointed as Director (designated as Director and Chief Financial officer) of the Company w.e.f May 20, 2015, liable to retirement by rotation, in the casual vacancy caused by the resignation of Mr. Hitoshi Matsuo.

As per the provisions of the Companies Act, 2013, Mr. K. G. Prabhakar retires at the ensuing Annual General Meeting and being eligible seeks re-appointment. The Board recommends his re-appointment.

A brief resume and other details of Mr. K. G. Prabhakar as required under the Listing Regulations and Secretarial Standard are provided form part of Corporate Governance Report.

In accordance with the provisions of Sections 196 & 197 read with Section I of Part-II of Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Nikhil Kumar (DIN: 00062243) was re-appointed as Managing Director of the Company for a period of 5 years with effect from January 17, 2016.

Key Managerial personnel

Mr. Nikhil Kumar, Managing Director, Mr. K. G. Prabhakar, Chief Financial Officer and Mr. N. Srivatsa, Company Secretary are Key Managerial Personnel of the Company as per the provisions of the Companies Act, 2013 and Rules thereunder.

Risk Management Policy

Pursuant to Section 134 (n) of the Companies Act, 2013 and Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Risk Management committee of the Board of directors of the Company has been constituted. The details of the committee and its terms of reference are set out in the corporate governance report forming part of this report. While the Company has identified certain major risks and initiated appropriate measures to mitigate the said risks, a process to enhance the risk management framework is underway.

Auditors

M/s. B. K. Ramadhyani & Co. LLP, Chartered Accountants, were appointed as Statutory Auditors of the Company to hold office till the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. They have confirmed their eligibility to the effect that their reappointment, if made, would be within the prescribed limits under of the Companies Act, 2013 and that they are not disqualified for reappointment.

The re-appointment proposed is within the time frame for transition under the third proviso to sub-section (2) of Section 139 of the Companies Act, 2013.

The Report given by the Auditors on the financial statement of the Company is part of the Annual Report. There is no qualification, reservation or adverse remark or disclaimer in the said Report requiring explanations or comments by the Board.

During the year under review, the Auditors have not reported any fraud in terms of Section 143 (12) of the Companies Act, 2013.

Secretarial Auditor

Mr. Sudhir V Hulyalkar, Practicing Company Secretary, Bangalore, was appointed as the Secretarial Auditor to conduct the Secretarial Audit of the Company for the Financial Year 2015-16.

Directors' Report (contd.)

In term of Section 204 of the Companies Act 2013, a Secretarial Audit Report is annexed as Annexure 8 and forms an integral part of this Report. There is no qualification, reservation or adverse remark or disclaimer in the said Report requiring explanations or comments by the Board.

Cost Auditor

M/s. Rao, Murthy & Associates, Cost Accountants, Bangalore were appointed as Cost Auditors of the Company to carry out the audit of the cost records of the Company for the Financial Year ended March 31, 2016.

In terms of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, M/s. Rao, Murthy & Associates, Cost Accountants, Bangalore have been appointed as Cost Auditors of the Company for the Financial Year 2016-17.

The Company has received written consent that the appointment as Cost Auditors is in accordance with the applicable provisions of the Act and Rules framed thereunder. The remuneration of Cost Auditors has been approved by the Board of Directors on the recommendation of Audit Committee and the requisite resolution for ratification of remuneration of Cost Auditors by the members has been set out in the Notice of the 17th Annual General Meeting of your Company.

Disclosure

Extract of the Annual Return

In accordance with Section 134(3) (a) of the Companies Act, 2013, an extract of the Annual Return in the prescribed format is appended as Annexure 1 to the Boards' Report.

Number of Board Meetings

The Board met five times during the Fimal 2015-16. The details of which are given in the Corporate Governance report that forms part of this Annual Report. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013.

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

Information required under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 for the financial year ended 31st March 2016 in relation to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is given in the Annexure 4 forming an integral part of this Report.

Particulars of Loans, Guarantees or Investments

Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 also form part of the notes to the financial statements provided in this Annual Report:-

Nature of Transaction	Date of Board Resolution	Date of Transaction	Name of the person to whom it is made	Amount
Loan	11.02.2015	07.04.2015	TD Power Systems (USA) Inc.	USD 1,00,000 INR 62,57,000
Loan	11.02.2015/ 06.08.2015	05.09.2015	TD Power Systems (USA) Inc.	USD 2,00,000 INR 1,33,04,000
Investment	03.02.2016	07.01.206	TD Power Systems Europe GmbH	Euro 27,500 INR 19,91,825
Corporate Guarantee	03.02.2016	04.03.2016	To Standard Chartered Bank on behalf DF Power Systems Private Limited	INR 13,00,00,000*
Investment	03.02.2016	16.03.2016	TD Power Systems Europe GmbH	Euro 150,000 INR 110,91,000

*Reduction of Corporate Guarantee from Rs. 5000 lakh to Rs. 1300 lakh