

# TD POWER SYSTEMS LIMITED



## INVESTOR PRESENTATION Q4 & FY2012



*Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like regulatory changes, local political or economic developments, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. TD Power Systems will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.*

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# Overview



# Overview



Leading manufacturer of custom-designed AC generators for a diverse range of prime movers, addressing the growing industrial demand for captive power projects



Technology alliances with several leading global power equipment OEMs; demonstrated abilities in technology absorption, product development and portfolio diversification



Execution capability in turbine generator (TG) island projects with output capacity up to 52 MW and boiler turbine generator (BTG) projects with output capacity of 52-150 MW



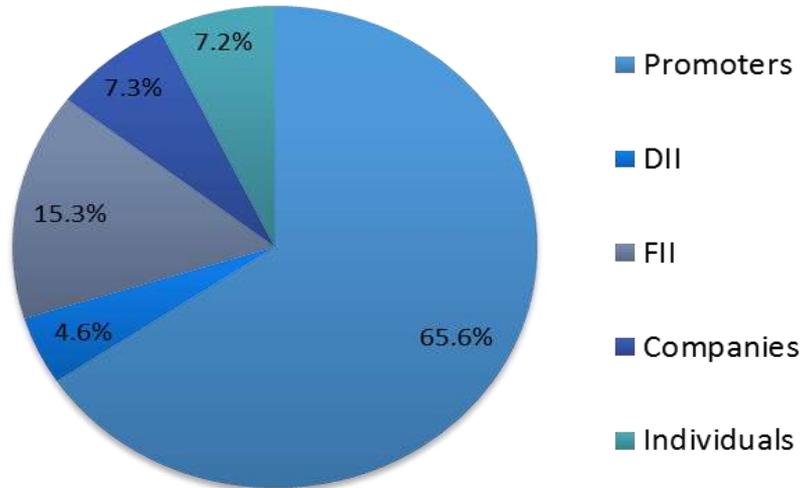
Long-standing relationships with customers in domestic markets, augmented by growing exports traction, addressing demand across a wide range of user industries



12-year old company founded by technocrats with several decades of experience in power equipment manufacturing and projects businesses

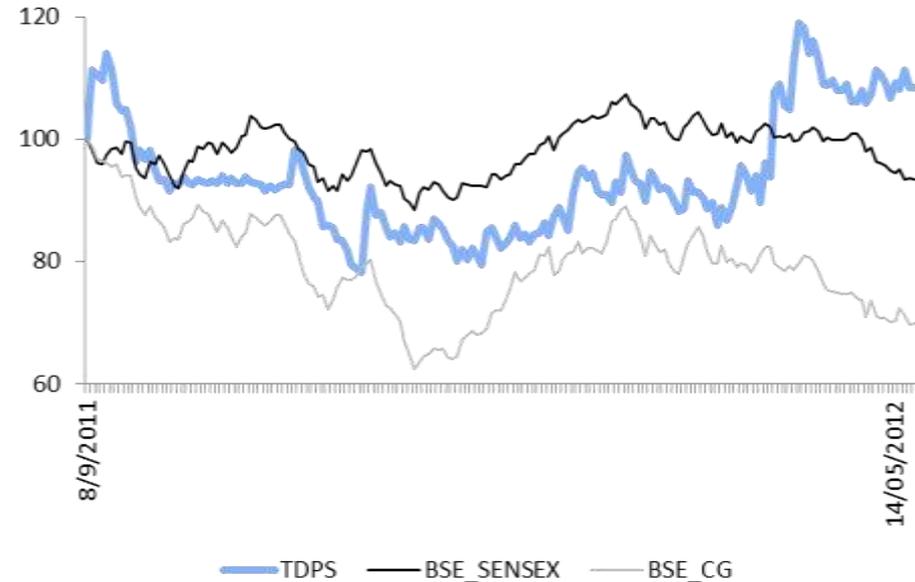
# Shareholding Structure

## Shareholding %



As on March 31, 2012

## TDPS stock price movement



## Key Institutional Shareholding

Sequoia	5.7%
India Value Fund	3.7%
Capital	3.6%
Barings PE	2.4%
IDFC MF	2.3%

# Milestones

## Expanding business horizons to deliver value over a decade of operations

License Agreement with Siemens AG to manufacture steam generators up to 52 MW

Received multiple BTG orders valued at \$ 100 mn

2008

Dispatched 1st AC Generator to Thailand

Supplied 1st AC Generator to Siemens Limited, Baroda

2002

Agreement with Voith Hydro Holding GmbH for jointly developing electrical generators

2010

IPO of TDPS

2011

Successfully commissioned our biggest project for 32 MW  
- Production Technology Transfer Agreement with Sicme Motori Srl  
- Granted license to General Electric Company to manufacture generators for the Brazilian market  
- Executed 1st overseas project in Uganda, a 16.5 MW steam turbine plant

2007

2009

Manufacturing Agreement with Toshiba Mitsubishi-Electrical Industrial Systems Corporation

2001

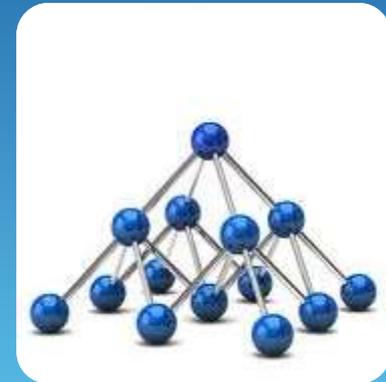
Technical Assistance, License and Transfer Agreement with Toyo Denki

License agreement with Siemens AG to manufacture industrial generators up to 200 MW

Successfully tested 25 MW vertical hydro generator

2012

# Business



## Integrated operations

- **manufacturing generators/motors**
- **implementing projects for captive power plants and smaller capacity IPPs**



### **Manufacturer of AC Generators**

**(Currently manufacturing up to 52 MW, expanding portfolio up to 200 MW)**

- Diversified portfolio customized for a wide range of turbines (steam, gas, hydro and wind) and engines (diesel and gas)
- Since inception, manufactured 1,759 generators, including 274 generators exported to 38 countries, with aggregate output capacity of 14,750 MW
- Two manufacturing facilities in Bangalore, backed by captive power/water supplies and a well-developed ancillary vendor network
- Sales through OEM's, which are turbine and engine manufacturers; strong engineering consultant relationships allow deep involvement in project tendering



### **Projects business**

**(Turbine Generator Island projects of output capacity up to 52 MW)**

- Steam turbine power plant projects combining TDPS' generators with Japanese turbines
- Completed 94 TG island projects with aggregate output capacity of 1,864 MW
- Projects executed in India, Uganda, Kenya, Zambia and the Philippines

### **EPC business**

**(Boiler Turbine Generator Island Projects of output capacity of 52-150 MW)**

- Steam turbine power plant projects based on equipment sourced from multiple global OEMs
- Completed 7 BTG island projects with aggregate output capacity of 596 MW

## Leveraging existing competencies to increase focus on large, complex projects

### Enhance Product Portfolio

- Maintain pipeline of upgradations and new, value-added products
- Develop new, innovative designs to deliver cost reductions
- Addressing emerging demand, leveraging economies of scale

### Expand Geographical Presence

- Consolidate global coverage in India, Middle East, Africa and S E Asia
- Address developed markets through OEMs
- Direct sales in presence in key developed markets

### Expand power projects business

- Explore end-to-end execution including civil works
- Leverage existing skills to focus on large, complex projects

### Create technology leadership and cost efficiency

- Invest in technology enhancements
- Explore strategic opportunities through technical tie-ups
- Cost reduction from operational/process efficiencies

**Established track record of absorbing new technologies backed by a 50-strong in-house product development team**

## **Siemens AG, Germany**

License agreement in 2007 to manufacture steam/gas turbine-based generators with output capacity 20-52 MW covering a wide product range with different rotor designs

License agreement in 2012 covering know-how for manufacture of industrial, air-cooled, 2-pole AC generators in the range of 74 MVA to 250 MVA in India.

## **Sicme Motori SrL, Italy**

Production technology transfer agreement in 2008 to manufacture wind turbine-based generators with output capacity up to 1 MW

## **Voith Hydro Holding GmbH , Germany**

Product development cooperation and manufacturing agreement in 2009 for jointly developing electric generators for hydro applications

## **General Electric Corporation, USA**

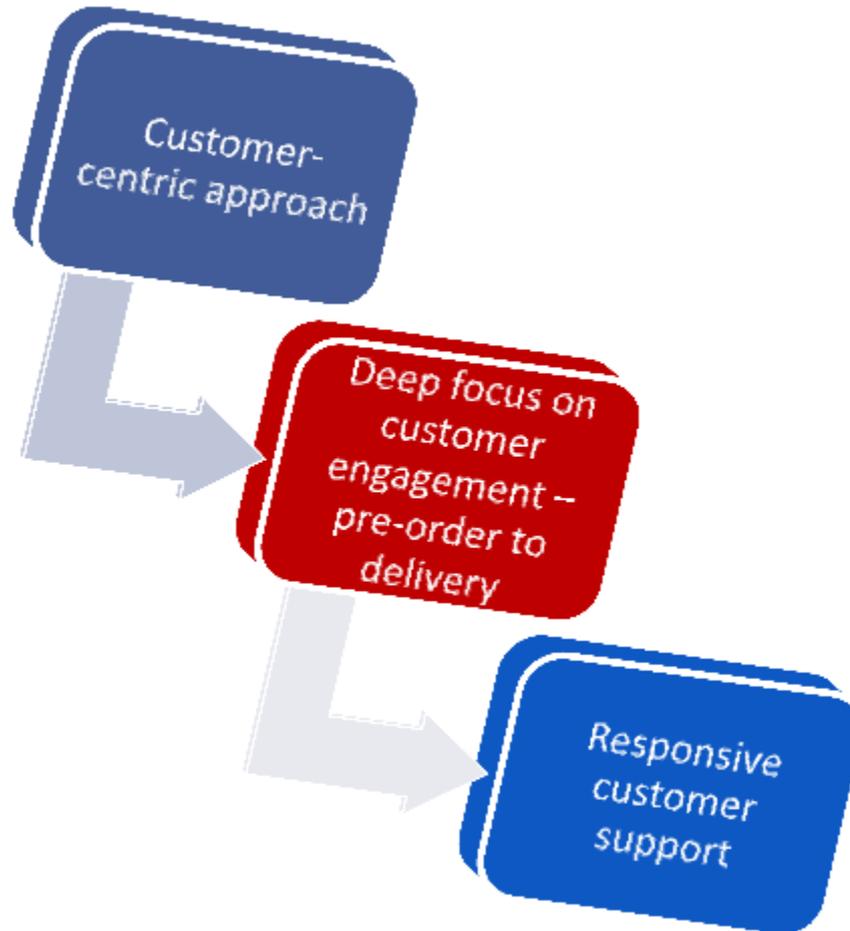
TDPS granted a limited license to manufacture generators using TDPS' design for the Brazilian market, and on a co-manufacturing basis, to other countries in Central and South America

## **Toshiba Mitsubishi Electrical Industrial Systems Corp, Japan**

Manufacturing Agreement in 2010 high voltage and medium/large capacity induction motors

# Customer Relationships

**Developing customized solutions and expanding product portfolio by closely mapping a dynamic demand environment**



Significant business from repeat customers in key process industries – cement, steel, sugar, paper



# Manufacturing Facilities

# Manufacturing Facilities

## Bangalore-based facilities supported by established local ancillary vendor base

### Unit 1

- 157,624 sft built-up on 6.25 acres
- Captive power – 4,280 kVA



- Core Building
- Coil making
- Winding
- Impregnation and curing
- Balancing
- Final assembly and testing
- Material Handling
- Power
- Quality lab & Instruments

Two Manufacturing Units near Bangalore

### Unit 2

- 61,667 sft built-up on 4.33 acres, additional 10.8 acres available for expansion
- Captive power – 1,510 kVA



- Core Building
- Machining
- Material handling



Quality Management System

Environmental Management System

OHSAS Management System

Country-specific Manufacturing Approvals

# Manufacturing Facilities

Hydraulic press for stator core pressing



Horizontal vacuum pressure impregnation plant for stator



High precision brazing set up for rotor coils



Dynamic balancing machine for rotor balancing

# Management



# Board of Directors

**Rich domain experience, multi-disciplinary functional competencies and well-established corporate governance structure**

- Over 40 years in capital structuring, financial management and investment banking
- Independent director on board of several companies

**Mohib N. Khericha**



(Non-Executive Chairman)

- 45 years in design, engineering and sales of power plants and equipment
- Associated with TDPS since inception, responsible for business operations in Japan

**Hitoshi Matsuo**



(Managing Director)

- Over 20 years in electrical/power equipment manufacturing
- Responsible for managing operations, strategic planning, technology alliances, sales and

**Nikhil Kumar**



(Joint Managing Director)

- Over 45 years in power equipment, manufacturing and quality control
- Responsible for product design and quality functions

**Tadao Kuwashima**



(Director - Technical)

## Independent Directors

**Salil Baldev Taneja**

Chairman of Taneja Aerospace and Aviation Limited and Chief Executive Officer of ISMT Limited

**Nandita Lakshmanan**

Leading public relations consulting practitioner, currently heads the knowledge forum at Public Relations Consultants Association of India

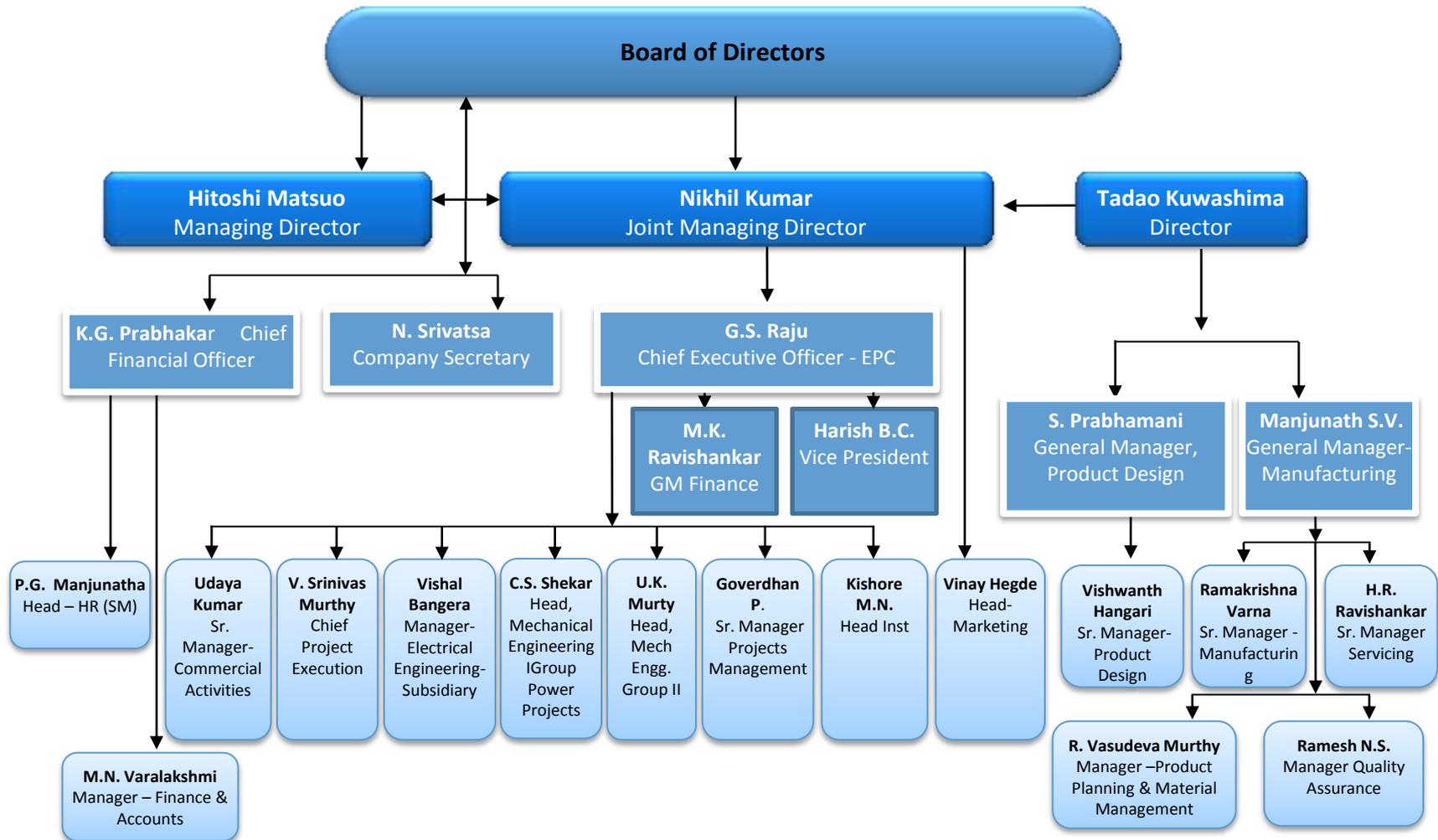
**Dr Arjun Kalyanpur**

Assistant Clinical Professor Yale University School of Medicine's Department of Diagnostic Radiology

**Nitin Bagamane**

Over 20 years in real estate, construction and building products, currently manages 125-acre IT SEZ in Bangalore

# Organizational Structure





# Financial Performance



*Nikhil Kumar*

*Joint Managing Director  
TD Power Systems Limited*

*“I am pleased to present TD Power Systems’ FY12 financial performance. We have grown revenues by 19% and profit by 16% in an operating environment that remains extremely uncertain. Indian companies continue to defer their expansion plans impacting our business that is founded on supporting the power requirements of process industries such as cement, steel, sugar and textiles. As a result, order inflow has remained weak in both manufacturing and projects businesses. We have compensated this trend to some extent by opening up new export markets and strengthening our relationships with several leading global OEMs. Key among these is our relationship with Siemens that was recently expanded through a licensing agreement for manufacture of AC generators in the 59-200 MW range. While the near term concerns are real, we, with our customer relationships, world-class manufacturing infrastructure and strong balance sheet, are positioned to deliver value to our shareholder in time.”*

# Financials - FY2012



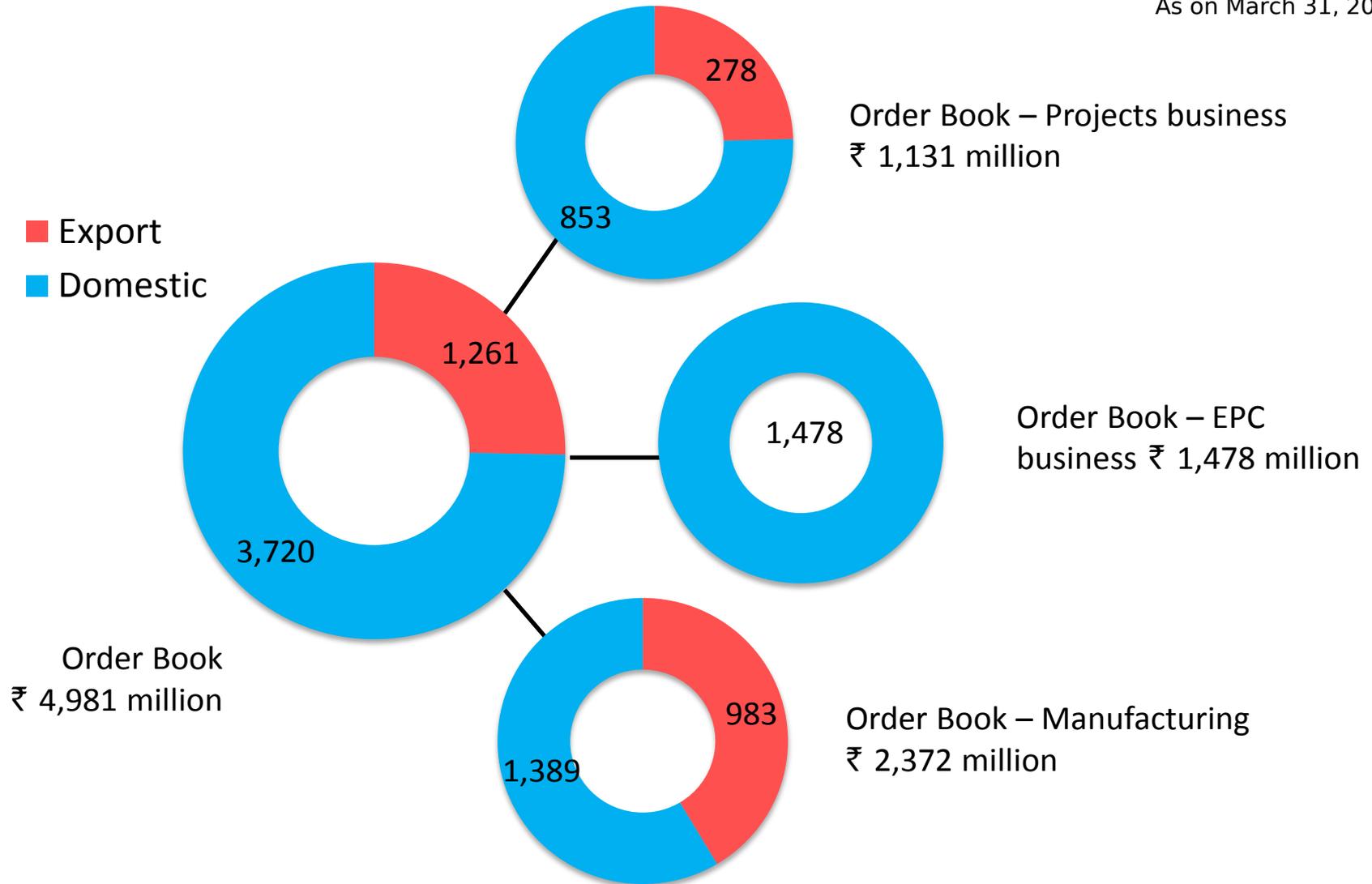
**19% Revenue growth**  
**16% PAT growth**

(₹ million)

Particulars	Q4FY12	Q4FY11	Y-on-Y Change	FY12	FY11	Y-on-Y Change
Total Income	2,905	3,130	-7.2%	10,316	8,637	+19.4%
EBITDA	345	425	-18.9%	1,143	1,003	+13.9%
<i>Margins (%)</i>	<i>11.6%</i>	<i>13.6%</i>		<i>10.8%</i>	<i>11.5%</i>	
Depreciation	24	19	+26.7%	91	80	+13.7%
Interest	10	17	-41.1%	66	67	-1.8%
PBT	311	389	-20.1%	986	856	+15.2%
Tax	104	131		326	289	
PAT	207	258	-20.0%	659	567	+16.4%

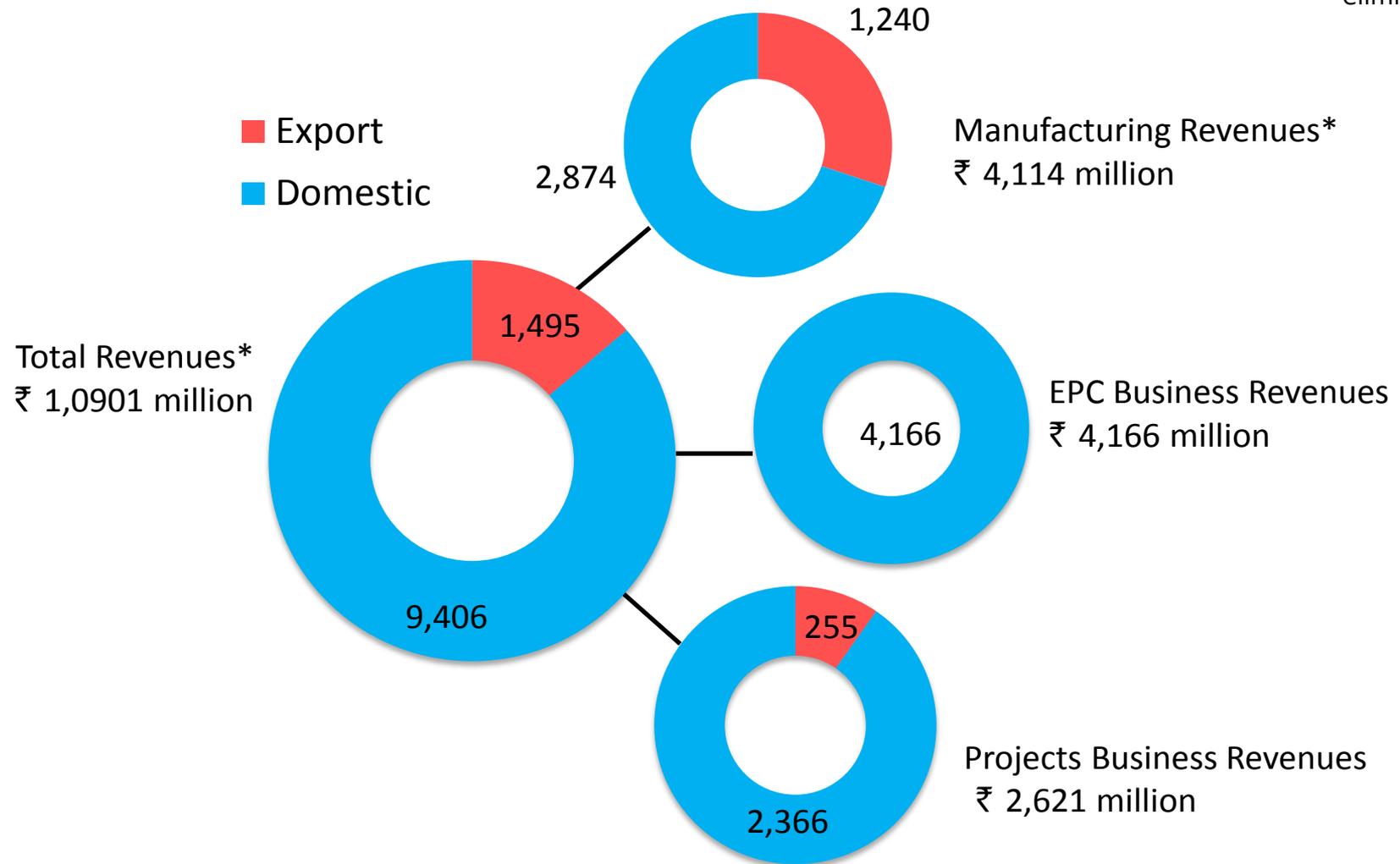
# Order Book Details

As on March 31, 2012



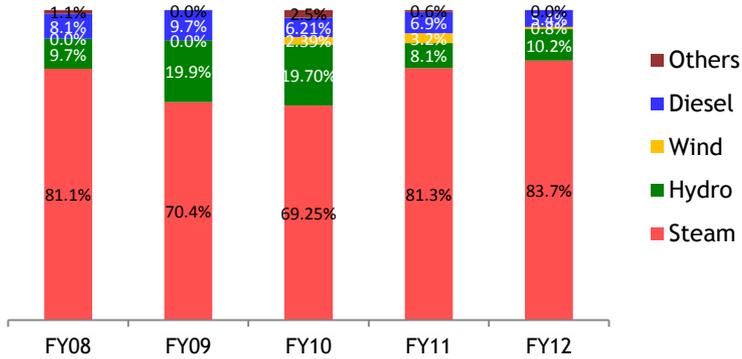
# Revenue Analysis – FY2012

\* Prior to inter-segment and inter-company eliminations



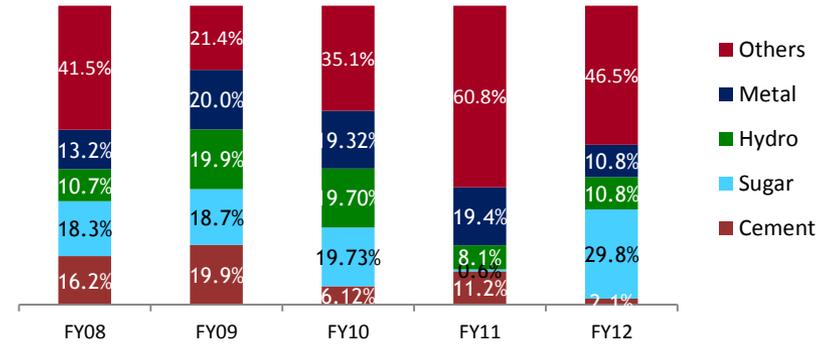
# Business Segments – Manufacturing

## Product-wise sales (%)



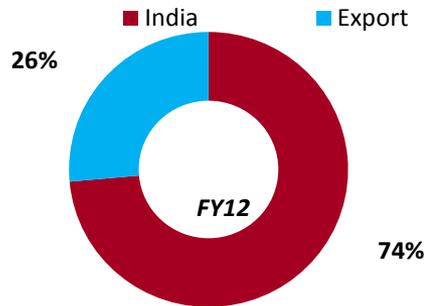
\*Other units include generators for transformer motor testing applications not reflected in charts above

## Key end user industries (%)



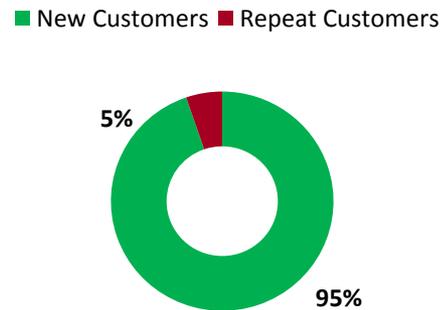
\* Others include Chemical, Food, Paper, Textile, Process, Wind, Distillery, Fertilizer etc

## Geographical Distribution of Sales (%)

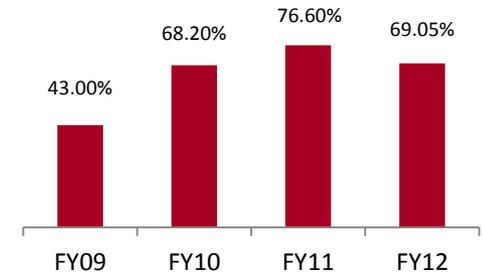


All % based on value of sales

## Customer Profile (%)



## Revenue of Top 10 Customers (%)\*



\* Of Restated Consolidated Net Sales

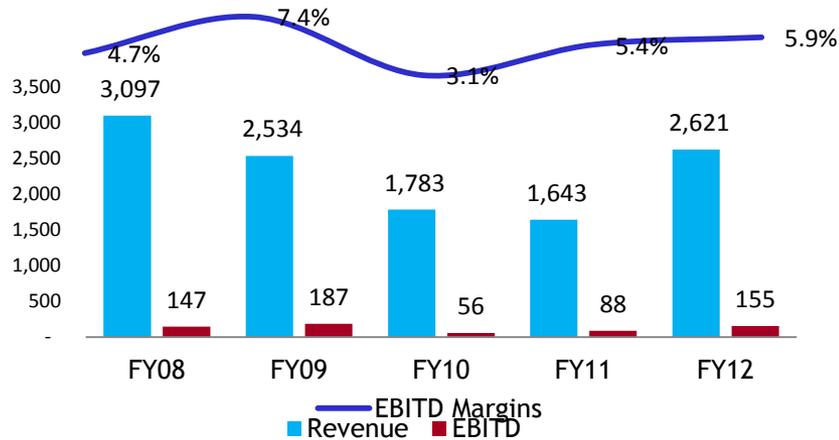
Product portfolio spread across diverse and loyal customer base

# Business Segments – Power Projects

## Business highlights

- TG Projects for steam turbine power plants with output capacity of up to 52 MW done under *TD Power Systems Ltd*
- *DF Power Systems Pvt Ltd*, a wholly owned subsidiary, executes EPC projects which include BTG island project and BOP portion (excluding civil works) for steam turbine power plants with output capacity from 52 MW up to 150 MW
- Executed 101 projects aggregating 2,460 MW in India and abroad (94 TG island projects and 7 BTG island projects)
- Experienced teams with established track record and reputation for efficient project management
- Projects order book as on Mar 31<sup>th</sup>, 2012 stands at Rs 2,609 Mn (43% in TG island projects and 57% in EPC projects)

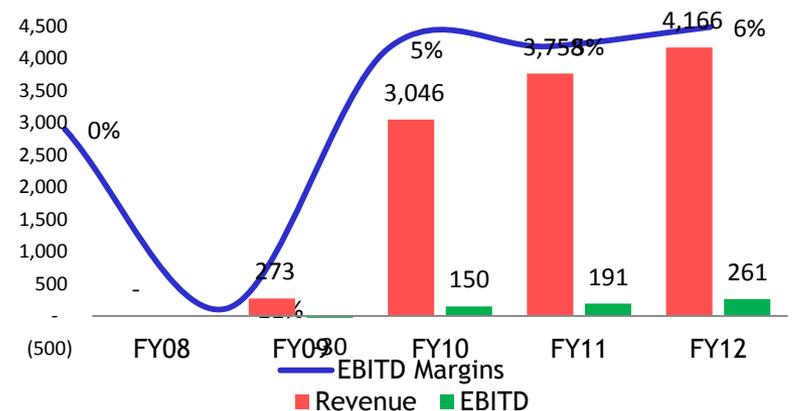
### TG Projects - Key Segment Financials (Rs Mn)



Segmental revenues without inter-segment elimination

EBITDA – Earnings Before Interest, Taxes, Depreciation, Amortization

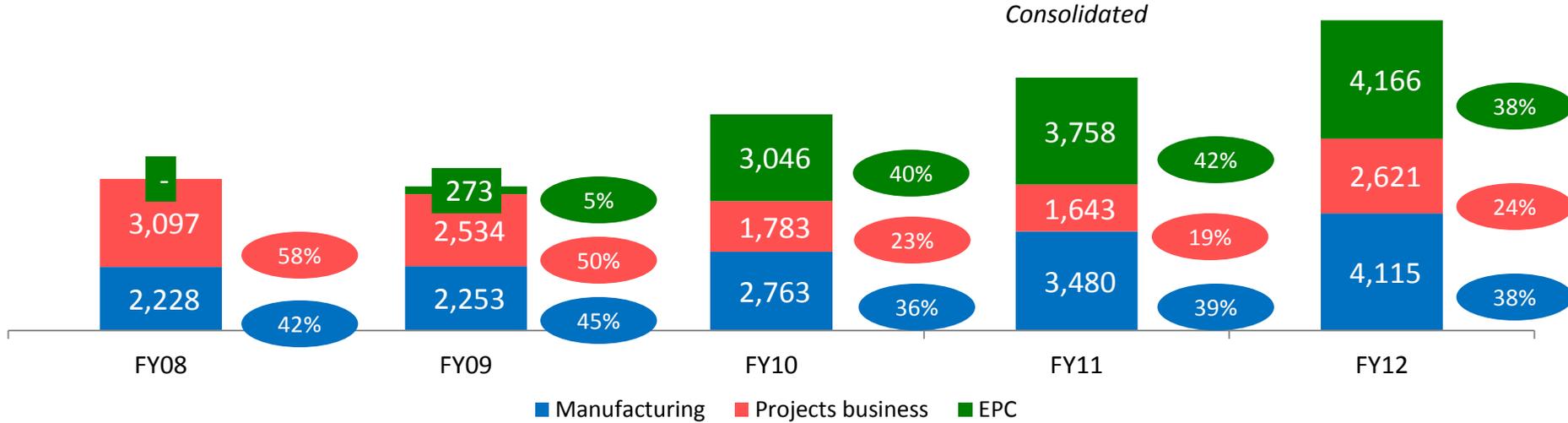
### EPC Projects – Key segment Financials (Rs Mn)



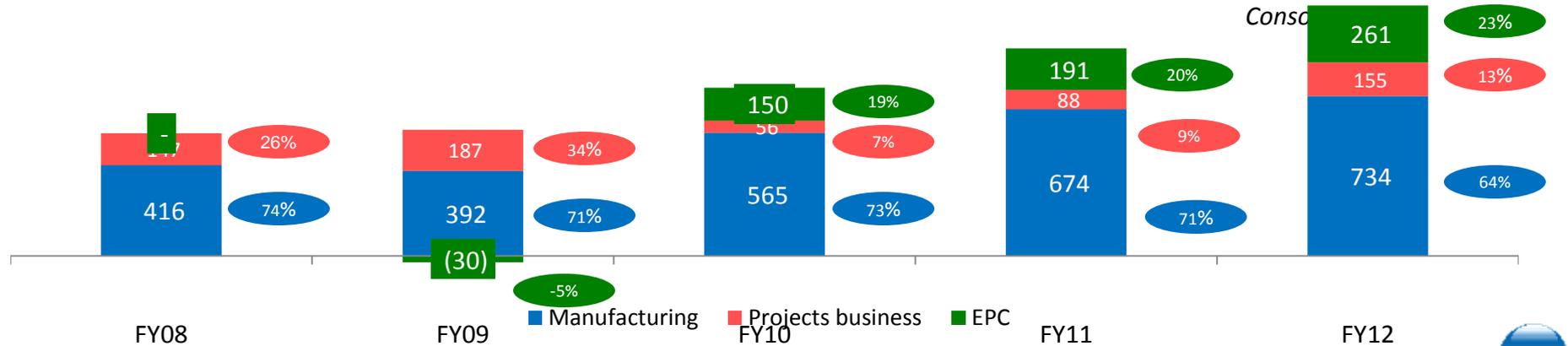
Established track record of executing power projects

# Financial Track Record

## Segmental Revenues Consolidated (Rs Mn)



## Segmental EBITDA Consolidated (Rs Mn)

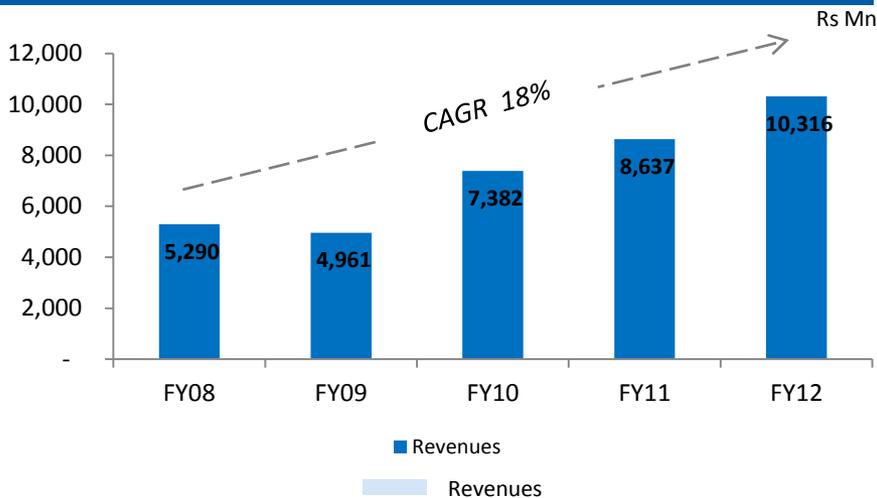


Segmental revenues without inter-segment elimination  
Restated financials - FY07-08 Standalone. FY09 onwards Consolidated

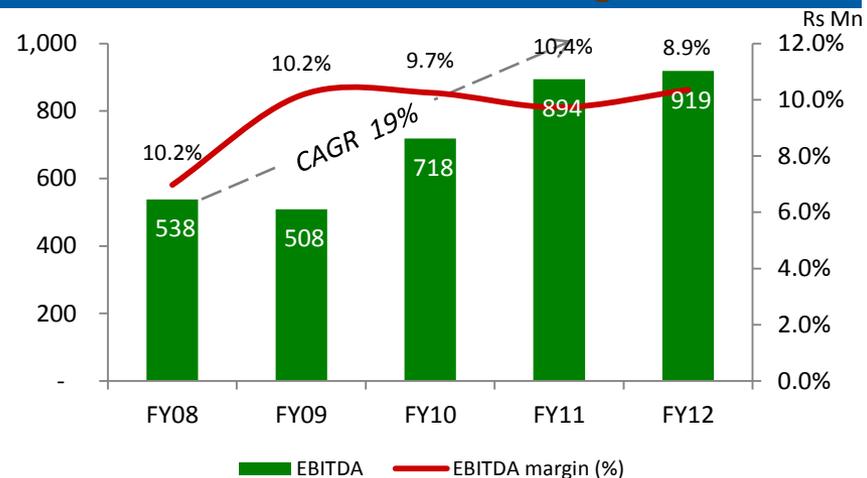
EBITDA – Earnings Before Interest, Taxes, Depreciation, Amortization and Other Income

# Key Financials & Ratios

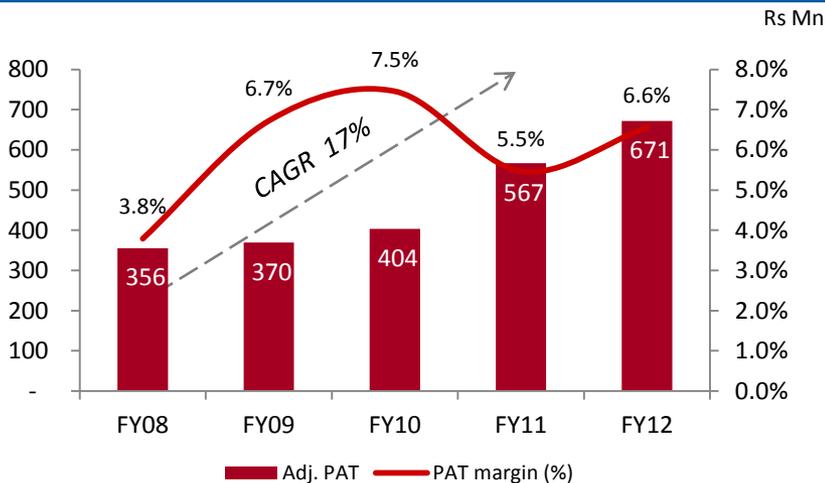
## Strong Growth in Revenues...



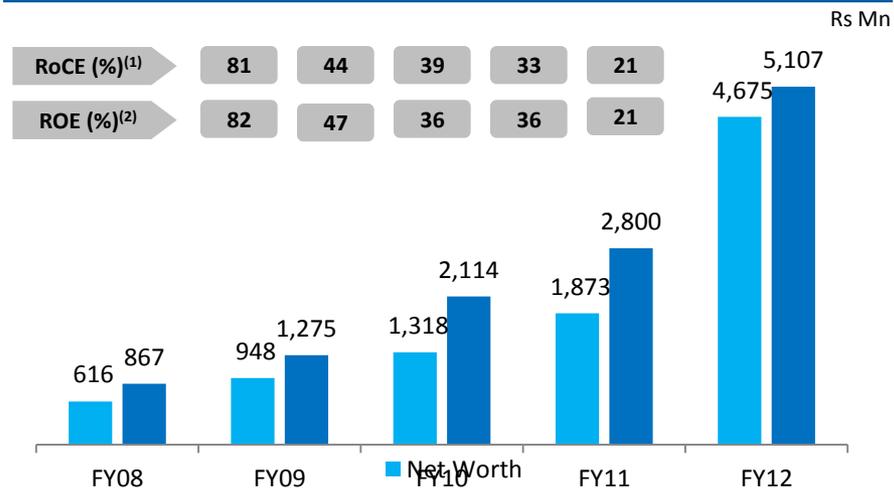
## ...With Robust EBITDA Margins



## ...and Sustained Growth in PAT



## ...Leading to high RoCE and RoE



1. EBIT/ Average Capital employed
2. PAT/ Average Network
3. Restated financials - FY07-08 Standalone. FY09 onwards Consolidated
4. Adj. PAT – Restated PAT after minority interest

EBITDA – Earnings Before Interest, Taxes, Depreciation, Amortization and Other Income

# P&L Snapshot

Rs Mn	Consolidated				
	FY08	FY09	FY10	FY11	FY12
<b>Sales</b>	5,290	4,961	7,382	8,637	10,316
<b>EBITDA</b>	538	508	718	894	919
Depreciation (incl. Amortization)	25	33	57	80	91
EBIT	512	476	662	814	827
Other Income	43	105	72	109	224
Interest and Finance Charges	15	26	42	67	66
PBT	535	554	691	856	986
Tax	180	187	256	289	326
Restated PAT	356	370	435	567	671
Minority Interest	-	0	31	0	0
<b>Restated PAT after minority interest</b>	356	370	404	567	671
<i>EBITDA margin (%)</i>	10.2%	10.2%	9.7%	10.4%	8.6%
<i>PAT margin (%)</i>	6.7%	7.5%	5.5%	6.6%	6.1%

\*Restated financials - FY07-08 Standalone. FY09 onwards Consolidated  
 EBITDA – Earnings Before Interest, Taxes, Depreciation, Amortization and Other Income

# Balance Sheet Snapshot

Rs Mn	Consolidated				
	As on				
	Mar-08	Mar-09	Mar-10	Mar-11	Mar-12
<b>Source of Funds</b>	<b>867</b>	<b>1,276</b>	<b>2,115</b>	<b>2,800</b>	<b>5,107</b>
<b>Net Worth</b>	<b>616</b>	<b>949</b>	<b>1,318</b>	<b>1,873</b>	<b>4,675</b>
<b>Minority Interest</b>	-	2	44		
<b>Borrowings</b>	<b>229</b>	<b>287</b>	<b>682</b>	<b>856</b>	<b>346</b>
<b>Deferred Tax Liability</b>	<b>21</b>	<b>38</b>	<b>70</b>	<b>72</b>	<b>85</b>
<b>Uses of Funds</b>	<b>867</b>	<b>1,276</b>	<b>2,115</b>	<b>2,800</b>	<b>5,107</b>
Gross Block	460	622	1,260	1,368	1,641
Less :- Depreciation	69	102	156	236	326
<b>Net Block</b>	<b>391</b>	<b>521</b>	<b>1,104</b>	<b>1,132</b>	<b>1,315</b>
<b>CWIP</b>	<b>37</b>	<b>9</b>	-	<b>20</b>	<b>126</b>
<b>Investments</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>0</b>
<b>Net Working Capital incl. cash</b>	<b>438</b>	<b>747</b>	<b>1,007</b>	<b>1,648</b>	<b>3,666</b>
Current Assets	2,127	3,093	4,817	5,540	7,413
Inventories	150	325	373	777	830
Sundry Debtors	1,305	881	2,067	2,040	2,402
Cash and Bank Balances	456	1,054	1,436	2,078	3,022
Loans & Advances	216	833	941	645	1,159
Current Liabilities	1,628	2,271	3,429	3,767	3,676
Provisions	61	75	381	126	71

\*Restated financials - FY07-08 Standalone. FY09 onwards Consolidated  
EBITDA – Earnings Before Interest, Taxes, Depreciation, Amortization and Other Income

# Thank You

For further information, please contact:

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