Proxy Advisory Report |Addendum
TD Power Systems Ltd

ABOUT SES

Stakeholders Empowerment Services (SES) is a Proxy Advisory and Corporate Governance Research Company. SES assists investors to analyze compliance and governance practices including matters relating to sustainability, prevalent at listed entities and empower investors to undertake meaningful engagement with Investee entities.

COMPANY INFORMATION	MEETING DETAILS
BSE CODE: 533553	**Meeting Type:** EGM
NSE SYMBOL: TDPOWERSYS	**Meeting mode:** Video Conferencing (VC) facility or other audio visual means (OAVM)
ISIN: INE419M01035	**Meeting Date:** 10th September, 2026 at 02:30 PM
Industry: Heavy Electrical Equipment	**Notice Date:** 14th August, 2026
Email: tdps@tdps.co.in, investor.relations@tdps.co.in	**Notice:** Click here
Phone: +91 80 229 95700 / 6633 7700	**Annual Report:** FY 2025-26
Registered Office: 27, 28 & 29, KIADB Industrial Area, Dabaspet, Nelamangala Taluk, Bengaluru - 562 111	**SES PA Report (Last AGM):** Report
Website: www.tdps.co.in	

E-VOTING DETAILS	ADDENDUM REPORT RELEASE DATE: 4th September, 2026
e-Voting Platform: CDSL	**Research Analyst:** Abhishek Yadav
Cut-off Date: 3rd September, 2026	**Conflict Disclosure:** SES - No | Analyst - No
Remote E-voting: • **Start**: 7th September, 2026 • **Ends**: 9th September, 2026	

ADDENDUM

There is a change in the SES recommendation on resolution no. #1 & #2 from AGAINST to FOR based on the Company's clarification and additional disclosures.

EXISTING RECOMMENDATIONS					
S. No	**Resolution**	**Type**	**SES Observation#**	**SES Rec.**	**Rationale**
1	Issuance of Equity Shares on a Preferential Basis to Certain Promoters of the Company for an Aggregate Consideration Not Exceeding Rs. 75.00 Crore.	S	LC | ~~GC~~ | TC	~~AGAINST~~	*~~No adequate justification for need of funds and no clarity on why Rights Issue is not opted.~~* *~~Potential material dilution.~~*
2	Raising Capital in one or More Tranches Through an Issuance of Equity Shares and/or Other Eligible Securities by way of a Qualified Institutions Placement.	S	LC | ~~GC~~ | ~~TC~~	~~AGAINST~~	*~~No adequate justification for need of funds and no clarity on why Rights Issue is not opted.~~* *~~Potential material dilution.~~*
REVISED RECOMMENDATIONS					
1	Issuance of Equity Shares on a Preferential Basis to Certain Promoters of the Company for an Aggregate Consideration Not Exceeding Rs. 75.00 Crore.	S	LC	FOR	*No major governance concern identified*
2	Raising Capital in one or More Tranches Through an Issuance of Equity Shares and/or Other Eligible Securities by way of a Qualified Institutions Placement.	S	LC	FOR	*No major governance concern identified.*

O - Ordinary Resolution; S - Special Resolution; Rec. - Recommendation
 # LC - Legally Compliant, NC - Legally Non-Compliant, TC - Disclosures & Transparency Concern, GC - Governance Concern, ^Non-Compliance with Limited Impact

BACKGROUND			
Original PA report Link	Click Here	**PA Report Release Date**	1st Sep, 2026
Date of Email received from the Company	1st Sep, 2026	**Company Email forwarded as SEBI Circular**	Yes

Guide to read addendum: Company's Views: (in Blue colour) & SES Reply: (in Black colour)

SES COMMENTS TO COMPANY'S RESPONSE (RELEVANT EXCERPTS)

Resolution 1: Issuance of Equity Shares on a Preferential Basis to Certain Promoters of the Company for an Aggregate Consideration Not Exceeding Rs. 75.00 Crore.

Resolution 2: Raising Capital in one or More Tranches Through an Issuance of Equity Shares and/or Other Eligible Securities by way of a Qualified Institutions Placement.

Company's Views:

1. Adequacy of justification for the fund raise

Working capital is inherently linked to the scale and timing of business operations and may need to be funded in advance of revenue realisation. The fact that the Company may presently have a comfortable debt position does not, by itself, make the raising of equity

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capital financially imprudent. Capital structure decisions involve considerations beyond the availability of borrowing, including preserving debt capacity, liquidity headroom and balance-sheet flexibility. TDPS has since inception, followed the principal to remain debt free and has always endeavoured to become debt free as soon as possible whenever there is debt in the books of TDPS.

2. Preferential issue versus Rights Issue

We respectfully submit that a Rights Issue is one of several legally permissible methods of raising capital and cannot necessarily be regarded as the preferred method in every circumstance. A Rights Issue is dependent upon participation by existing shareholders and involves a different execution process and timetable. Further, a Rights Issue does not automatically eliminate dilution, shareholders who do not subscribe to their entitlement may themselves be diluted.

In contrast, the proposed preferential issue provides the Company with a defined amount of ₹75 crore from identified subscribers and therefore offers greater certainty as to the amount proposed to be raised.

3. Preferential allotment to Promoters

*The proposed issue does not result in any change in control. Promoter shareholding increases only from approximately **26.87% to 27.16%**, while public shareholding changes from 73.13% to 72.84% without considering the impact of proposed QIP.*

Accordingly, the transaction represents an infusion of long-term capital by promoters at a price above the regulatory minimum, with only marginal dilution and without any change in control. In our view, these circumstances do not indicate any undue benefit being conferred upon the promoters at the expense of minority shareholders.

4. Relationship between the ₹75 crore preferential issue and the proposed ₹600 crore QIP

SES has questioned why the ₹75 crore requirement is being addressed through a separate promoter preferential allotment while an enabling approval for a QIP of up to ₹600 crore is being sought simultaneously.

The two proposals are fundamentally different.

*The preferential issue is a **specific and committed ₹75 crore fund raise**, earmarked entirely towards working capital requirements within FY2027.*

By contrast, Resolution No. 2 is an enabling approval for raising up to ₹600 crore for a wider range of strategic purposes, including expansion of manufacturing capacity, new facilities and production lines including the 2-Pole Generator Segment, technology upgradation, product development, working capital and other permitted purposes.

5. Observation that the justification is "generic" and there is no urgency

An enabling capital-raising approval is intended to allow a company to respond promptly to capitalmarket conditions rather than commencing the shareholder approval process only after an immediate requirement arises. Absence of an "urgent" funding requirement should therefore not, by itself, be regarded as a governance concern.

6. Potential dilution

Your opinion of rejecting a resolution for potential dilution is based on an error in calculation in your report. While calculating the percentage dilution, you have taken the Pre-split total number of shares of promoters and public as the denominator, whereas the number of QIP shares as the numerator on a post-split basis. This results in an incorrect calculation of the potential dilution. Also, it is not the proper way of looking at the dilution. You have to take into account the cumulative effect of Preferential Allotment and QIP to come to a conclusion about the potential dilution. Also, the potential dilution can only be ascertained after the finalisation of actual size and the price of the QIP. And even if we go by your assumption of issue of QIP at Rs. 730.80 and for 82,10,181 shares, the pre and post preferential issue and QIP shareholding will look like as under:

Name of Shareholders	Before		Preferential issue and QIP			After	
	No. of shares	%	No. of shares	Price	Amount in Crores	No. of shares	%
A. Promoter & Promoter Group							
Nikhil Kumar	2,59,30,640	8.30	6,25,000	600	37.50	2,65,55,640	8.25
Aarya Sankaran Kumar	5,89,260	0.19				5,89,260	0.18
Mohib Khericha	0	0.00	6,25,000	600	37.50	6,25,000	0.19
Sagir Mohib Khericha	2,40,000	0.08				2,40,000	0.07
Hitoshi Matsuo	1,58,80,972	5.08				1,58,80,972	4.93
Saphire Finman Services LLP	4,13,16,450	13.22				4,13,16,450	12.83
Total Promoter & Promoter Group (A)	8,39,57,322	26.87	**12,50,000**	600	**75.00**	8,52,07,322	26.47
B. Public Shareholding (B)	22,84,99,538	73.13	**82,10,181**	731	**600.00**	23,67,09,719	73.53
Total Shareholding (A+B)	31,24,56,860	100.00	**94,60,181**		**675.00**	**32,19,17,041**	100.00

From the table, it is very clear that there is no major dilution who is not participating in Preferential allotment as well as QIP.

7. Rights Issue as an alternative to QIP

A QIP enables capital to be raised from qualified institutional investors through a regulated institutional placement process, whereas a Rights Issue seeks additional capital from the Company's existing shareholder base.

Neither route is intrinsically superior. Selection of the appropriate method must take into account timing, market conditions, investor base, execution certainty and the Company's capital requirements. The Company has looked into all the options available for fund raising and concluded that QIP is the most appropriate option to raise funds in the interest of the Company.

Further, the proposition that a Rights Issue necessarily involves "no dilution" requires qualification: shareholders who choose not to participate can experience dilution. Accordingly, absence of a Rights Issue should not by itself be treated as evidence of a governance or transparency deficiency.

There is also a difference in pricing in both Rights Issue and QIP. Historically, Rights issue happens at much discount than the prevailing market price whereas QIP happens at closure to the prevailing market price. This results into much larger issuance of new shares in case of Rights Issue than the QIP. The shareholders who do not opt for Rights issue will have much more dilution because of the Rights issue than the QIP because of this.

More importantly, when the QIP happens, the shareholders can purchase the share from the market if they do not want to dilute their holding.

You have not provided any specific rationale for rejecting the resolution for QIP and you advocated Rights issue by its general nature. Going by your rationale, all the resolutions need to be rejected who goes for the QIP instead of Rights Issue. This is completely illogical conclusion.

SES Comment:

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SES has raised a governance & transparency concern on the proposed resolution **#1 & #2** due to potential material dilution, no adequate justification for need of funds and no clarity on why Rights Issue is not opted.

Resolution 1:

Upon consideration of the post-stock-split capital structure and the Company's clarification, SES does not propose to retain potential dilution as a separate concern in respect of Resolution No. 1. The proposed preferential issue is relatively small in relation to the enlarged post-split equity base, and the issue price of ₹600 per share is above the disclosed regulatory floor price of approximately ₹576.17 per share.

Accordingly, the Company's response establishes the mechanical distinction between the two routes, particularly that promoters cannot participate in the proposed QIP, but it does not fully address the economic rationale for requiring a separate ₹75 crore promoter infusion towards working capital when working capital is also an identified object under the proposed QIP.

SES therefore considers that greater clarity could have been provided regarding the specific working capital requirement being addressed through the preferential issue, its timing, and why such requirement is being met through a separate promoter transaction alongside the proposed institutional fund raise. However, considering the lower dilution, SES is changing its recommendation from AGAINST to FOR Resolution 1.

Resolution 2:

Based on the Company's illustration, assuming the entire ₹600 crore QIP is undertaken at ₹730.80 per share, approximately **82.10 lakh** shares would be issued. On a post-split basis, the QIP would therefore result in dilution of approximately **2.56% of the post-QIP equity capital**, rather than the approximately 4.99% indicated in the earlier SES calculation.

Accordingly, SES accepts the substantive point raised by the Company regarding the impact of the stock split on the dilution calculation.

Rights Issue:

SES acknowledges the Company's explanation that a Rights Issue is one of several permissible fund-raising mechanisms and that participation in a Rights Issue is dependent upon individual shareholder participation.

However, SES's policy position remains that, where a company proposes to issue equity securities resulting in dilution, existing shareholders should ordinarily be provided the first opportunity to participate through a Rights Issue, unless there are specific circumstances supporting an alternative mode of issuance.

This position is not based on the proposition that a Rights Issue eliminates dilution in all circumstances. Rather, it is based on the principle that existing shareholders should have the opportunity to maintain their proportionate ownership before capital is offered to other investors.

Nonetheless, SES has revised its assessment after considering the Company's response and the impact of the stock split on the proposed capital issuances.

Consequently, SES revises its recommendation on Resolution No. 2 from AGAINST to FOR.

COMPANY RESPONSE (FULL VERBATIM)

Dear Sir/Madam,

With respect to the trailing email, please find attached our response to your recommendations. Please note that our response is being submitted within 48 hours of receipt of your email. You are requested to kindly consider the same and share with us the addendum to your report.

Best regards,
XXXXXX

Email Attachment - link

Disclaimer

Sources

Only publicly available data has been used while making the report. Our data sources include Notice of Shareholders' Meeting, BSE, NSE, SEBI, Capitaline, MCA, Moneycontrol, Businessweek, Reuters, Annual Reports, Sustainability Reports, IPO Documents and Company Website.

Analyst Certification

The Analyst(s) involved in development of this Report certify that no part of the Research Analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the Research Analyst(s) in this Report. The concerned Research Analyst(s) and Director(s) do not have any pecuniary relationship with the Reported Company, except that they may be holding miniscule shares in the Company which does not impact their independence in respect of this Report.

SES may be a shareholder in the Company holding equity shares as disclosed on its website. The objective of SES' investment is solely to obtain Shareholders' communications from the Company as a shareholder.

CAUTIONARY STATEMENT

The recommendations made by SES are based on publicly available information and conform to SES's stated Proxy-Advisory Guidelines. SES opinion is based on SES's interpretation of law and governance benchmarks, which may differ from opinion/ benchmarks of other analysts or practitioners. Further, SES analysis is recommendatory in nature and reflects how SES would have voted if it was a shareholder. Therefore, SES expects that the clients will evaluate the effect of their vote on their investments independently and diligently and will vote accordingly. Subscribers may also carry out an impact analysis of their votes and keep the same as an addendum for their records. In our opinion, Institutional investors are positioned significantly differently from other shareholders due to their ability to engage with the board and the management to bring out desired result. As a firm, it is our endeavour to improve the level of corporate governance while not causing any disruption in company's proceedings and therefore we respect the independence of investors to choose alternate methods to achieve similar results.

Disclaimer

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All disputes shall be subject to jurisdiction of High Court of Bombay, Mumbai.

Concern terminology

NC – Compliance Concern: *The Company has not met statutory compliance requirements*

FC – Fairness Concern: *The Company has proposed steps which may lead to undue advantage to a particular class of shareholders and can have adverse impact on non-controlling shareholders including minority shareholders*

GC – Governance Concern: *SES questions the governance practices of the Company. The Company may have complied with the statutory requirements in letter. However, SES finds governance issues as per its standards.*

TC - Disclosures & Transparency Concern: *The Company has not made adequate disclosures necessary for shareholders to make an informed decision. The Company has intentionally or unintentionally kept the shareholders in dark.*

Company Information

Stakeholders Empowerment Services

SEBI Reg. No. INH000000016
CIN No. - U74120MH2012NPL232154

Contact Information

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Warning

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.