



KEY HIGHLIGHTS

1. RESULTS OVERVIEW:

- Consolidated revenue rose by 5.62% on YoY basis and 8.64% on QoQ basis to Rs. 264 cr.
- Operating EBITDA came in at ₹ 42 cr. Which is flat on both YoY and QoQ basis.
- EBITDA margins stood at 16%. Which is flat on both YoY and QoQ basis.
- Net Profit stood at ₹ 29 cr. Down by 17% and 3% on YoY and QoQ basis respectively.

2. MANAGEMENT COMMENTARY:

- Order inflow remained upbeat from both domestic and international markets for generators and motor business.
- Management has maintained their previous revenue growth guidance of 17% with an upside potential of 3-5% on top of 17%
- Margin growth will be 3% to 4% more than the sales growth due to operational leverage.
- Management has guided that H1 will contribute approximately 46-47% to the overall topline in FY25.

3. PRICE PERFORMANCE (%)

Particulars	3 M	1 Y
TD Power Systems Ltd	15.62%	53.51%
Nifty Small cap 250	5.15%	58.80%
Nifty 500	6.74%	37.86%

4. CONCALL SUMMARY:

- In the international market, the order book is driven by bumper orders in the segment of hydro gas turbines and gas engines. The gas turbine and gas engine business are strongly driven by demand in oil and gas, data centers for artificial intelligence and grid stabilization power plants.
- The only sector which has witnessed slowdown is railways mainly due to general elections.
- Despite having consistent operating profit at Turkish subsidiary, company is witnessing translating loss due to rapid depreciation in Turkish Lira.
- Capex for FY25 will be in the range of 80-90 crores.
- Management is expecting order inflows worth 100 cr from induction motors and synchronous motors in FY25.
- There's a one of increase in employee cost worth 3.2 crores and 2 crores for VRS scheme for workman and backlog gratuity payment respectively.
- Revenue potential of the company will reach 1800 crores post ramp up in third plant. The third plant will mainly focus on supplying components.
- Gas turbine business is witnessing significant demand from the oil and gas segment.

5. VALUATION AND OUTLOOK:

- We expect company to post decent numbers going forward on the back of increased execution. Order inflows are expected to increase post general elections. Demand for waste-to-heat recovery from cement, sugar and steel sector augurs well for the company.
- We initiate BUY rating on the stock and value the scrip at 35x FY26E EPS to arrive at a target price of ₹ 392.**

RECOMMENDATION – BUY

CMP –333

TARGET – 392 (18%)

Industry	Electric Equipment
NSE CODE	TDPOWERSYS
BSE CODE	533553
Market Cap (₹ Cr)	5228.57
Shares outstanding (in Cr)	15.62
52 wk High/Low (₹)	361 / 206.05
P/E	44.18
P/BV	7.42
Face Value (₹)	2.00
Book Value (₹)	45.15
EPS (₹)	6.20
Dividend Yield (%)	0.63
Debt / Equity	0.00
Interest coverage	29.83

SHAREHOLDING PATTERN

	Mar 24	Dec 23	Sept 23
Promoters	34.27	34.27	34.27
FIIIs	12.85	11.35	10.11
DIIIs	32.36	32.81	33.14
Public	20.53	21.58	22.49
Promoter Pledging	0.00	0.00	0.00

FINANCIAL SNAPSHOT (₹ Cr)

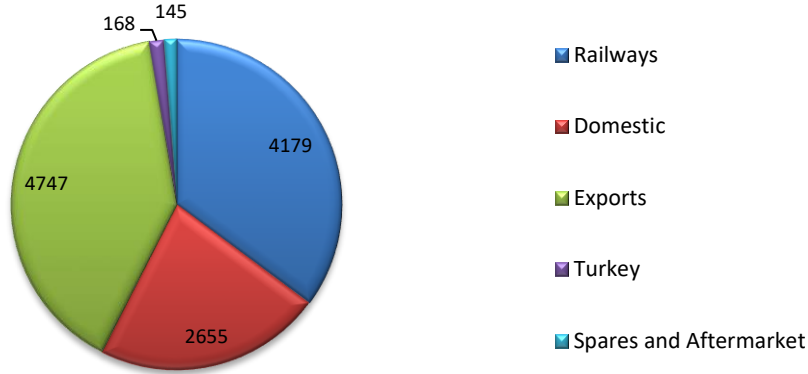
Y/E March	2024A	2025E	2026E
Core			
Sales	1001	1200	1404
Sales Gr. (%)	14.7	20	17
EBITDA	167	204	246
EBITDA mrg. (%)	16.7	17	17.5
PAT	118	146	175
EPS (₹)	7.58	9.35	11.21
EPS Gr. (%)	11.8	23.4	12.5
Ratios			
RoE (%)	18.1	18.88	20.4
RoCE (%)	24.8	23.54	25.78
Valuation			
P/E (x)	44	35	29.7
Debt/ equity	0.00	0.00	0.00

Particulars	TTM	5 Yr Avg
Historical P/E :	44	35.69
Industry P/E :	98	
Historical P/B :	7.4	1.72
Industry P/B :	16.6	



ORDER BOOK SPLIT (FY24)

Segment wise Order book (In Mn)



QUARTERLY PERFORMANCE (CONSOLIDATED)

(₹ Cr)

Y/E March	FY22		FY23				FY24				FY24	FY25E*
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
Net sales	227	205	213	205	250	220	274	243	264	1001	1200	
YoY change (%)	34.94%	25.39%	-6.47%	14.16%	9.98%	7.70%	28.74%	18.18%	5.62%	14.70	20	
Total Expenditure	197	177	187	172	206	182	227	203	222	833	996	
EBITDA	31	28	26	33	43	39	47	40	42	167	204	
Margins (%)	13%	14%	12%	16%	17%	18%	17%	16%	16%	17%	17	
Depreciation	6	5	5	5	5	5	5	5	5	21	22	
Interest	1	1	0	0	0	0	0	0	0	0	0	
Other income	8	7	6	0	8	4	3	5	5	16	15	
PBT	33	28	27	29	46	37	45	40	41	162	197	
Tax	8	7	7	9	11	10	12	10	12	44	51	
Rate (%)	25%	24%	26%	30%	23%	28%	27%	25%	29%	27%	26%	
Adjusted PAT	25	21	20	20	35	27	33	30	29	118	146	
YoY change (%)	67%	110%	25%	0%	40%	29%	65%	50%	-17%	22%	23%	
Key Performance Indicator												
RM Cost (% of Sales)	71%	67%	70%	66%	67%	64%	67%	67%	64%	65%	65%	
Staff Cost (% of Sales)	9%	11%	11%	10%	9%	11%	10%	10%	12%	11%	11%	
EBITDA Margin (%)	13%	14%	12%	16%	17%	18%	17%	16%	16%	17%	17%	
PAT Margin (%)	11%	10%	9%	10%	14%	12%	12%	12%	11%	11.8%	12.2%	

Source: Company, Hem Securities Research.

*Insights into the assumptions:

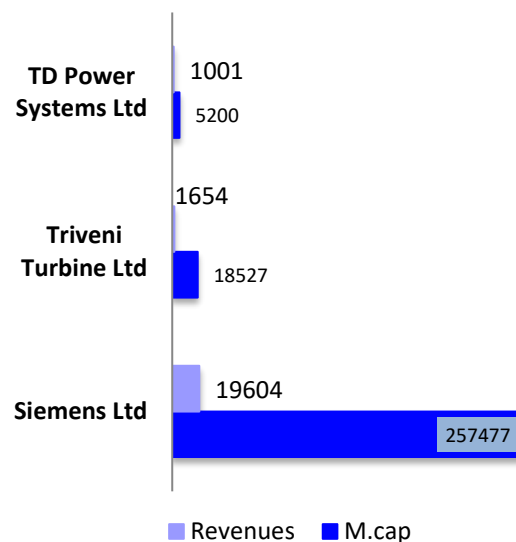
- Company is expected to post good number in FY25 on the back of better execution.
- Order inflow in FY25 is expected to be robust. Strong order inflows are expected post general elections.



INDUSTRY OVERVIEW

- The generator industry in India plays a crucial role in the infrastructure sector of the nation, offering power solutions to different sectors such as residential, commercial, industrial, and institutional.
- A turbine is a rotating engine that generates mechanical power by pushing the generator shaft with a constant stream of fluid, either liquid or steam. This mechanical power is then transformed into electrical power via the generator. Indigenous businesses are able to produce a wide range of turbines with maximum capacities of 800 MW for steam, 270 MW for hydropower, and 260 MW for gas.
- Large and small businesses, commercial establishments, and the home sector have their alternate power needs suitably met by India's Alternating Current (AC) Generator industry. Manufacturers in India are able to produce AC generators with voltage ratings ranging from 0.5 KVA to 25000 KVA for this market.
- Providing value-added services like maintenance, rental, and energy management solutions, as well as venturing into the renewable energy segment, hybrid power solutions, and energy storage systems, present prospects for innovation and market expansion.

KEY PLAYERS



PEER PERFORMANCE

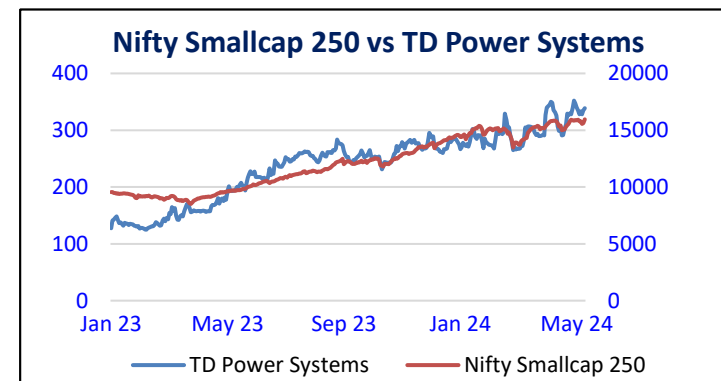
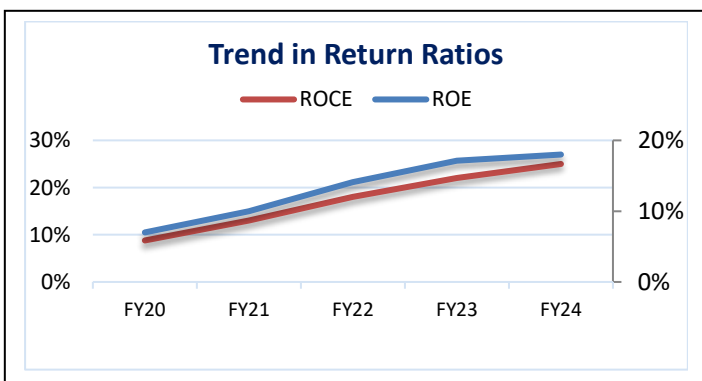
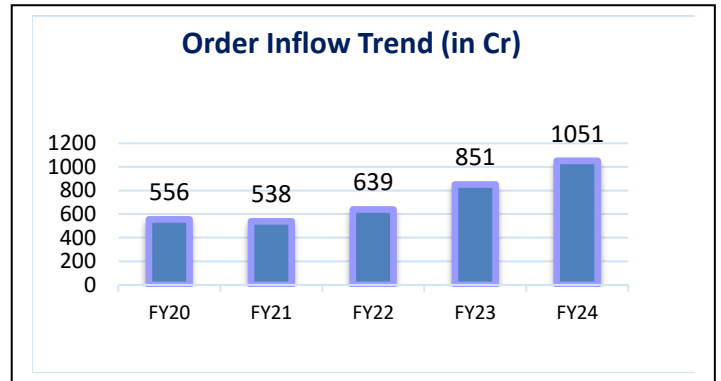
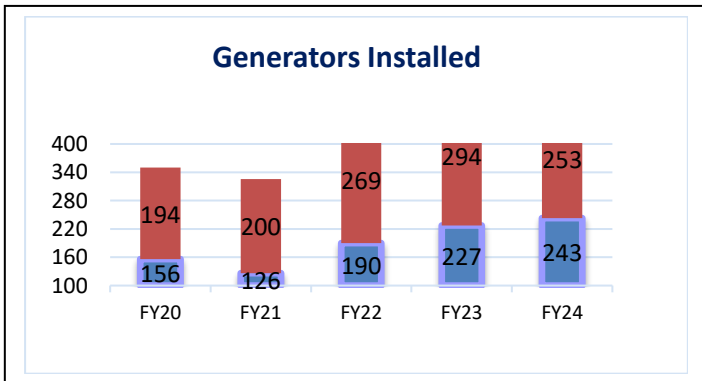
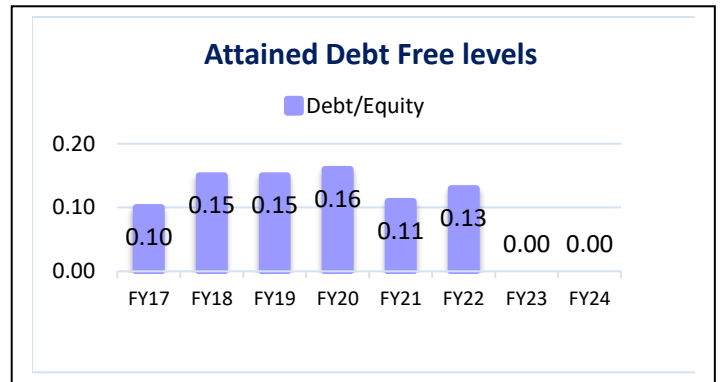
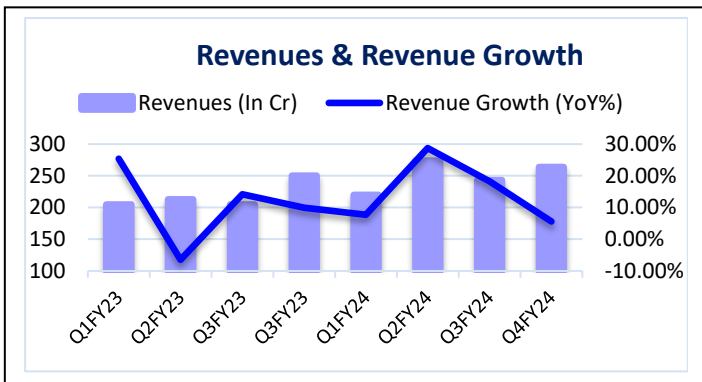
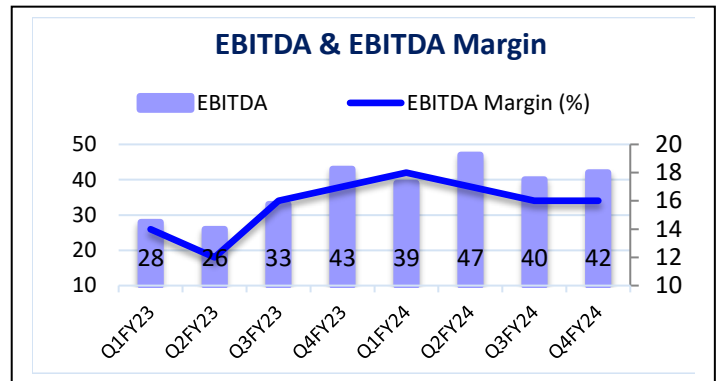
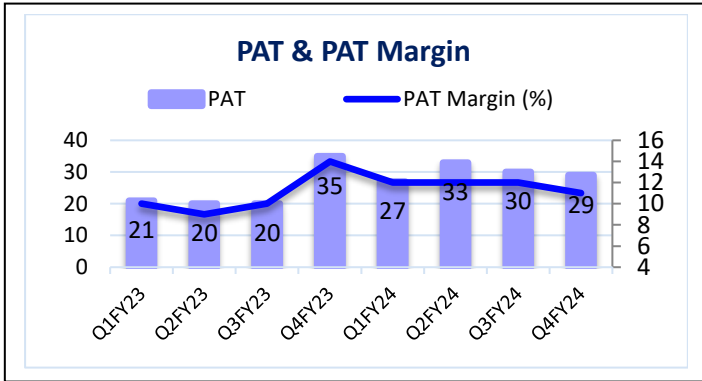
(₹ Cr)

Particulars	TD Power Systems Ltd	Triveni Turbine Ltd	Siemens Ltd
Market Cap	5339	18,527	2,57,477
Net Sales	1001	1654	19604
EBITDA	167	319	2448
PAT	118	269	2318
EPS (Rs)	7.58	8.47	65
EBITDA MARGIN %	17	19	12
PAT MARGIN %	11.78	16.26	11.8
ROCE %	24.8	41.7	20.7
ROE %	18.1	31.3	15.4
P/E	45	68.8	111
P/B	7.58	19.4	18.6
EV/EBITDA	27.9	47.6	75.2
Dividend Yield	0.15	0.21	0.14
Mcap/Sales	5.34	11.2	13.1

Source: Company, Hem Securities Research.



STORY IN CHARTS





INVESTMENT RATIONALE:

- TD Power is one of the leading producers of world class generators and supply machines all across the globe. They have expanded their footprint in over 100 countries.
- Management has guided for 17% revenue growth with an upside potential of 3-5% on top of 17% in FY25. They have also guided for expansion in EBITDA margins as the operating leverage kicks in.
- Company has strong order pipeline from international markets specifically in Hydro gas turbines and gas engine segments. The gas turbine and gas engine business are strongly driven by demand in oil and gas, data centers for artificial intelligence and grid stabilization power plants. They are aiming for INR 1 billion order inflows from Hydro space in FY25.
- Company is planning a capex of around 120 cr for their third plant. Post completion, revenue potential of the company will reach 1800 cr at peak capacity levels.
- Company is debt free and aims to maintain this in future also.
- Steam turbine is one of the leading revenue contributor for the company. Domestic enquiry has been robust in Q4 particularly from cement, steel, paper and sugar. Growing demand for Waste-to-heat recovery systems for renewable energy productions augurs well for the growth of Steam turbine segment.

RISK FACTORS:

- Slowdown in order inflows from Railway segment
- Slowdown in oil and gas sector.

COMPANY RECAP

- TDPS was founded in April 1999 using technology acquired from Toyo Denki in Japan. The company offers a diverse product portfolio tailored for a wide range of turbines, including steam, gas, hydro, and wind, as well as engines such as diesel and gas.
- It is a leading manufacturer of AC generators, delivering across the spectrum - from 1 to 250MVA.
- In 2012, company signed License Agreement with Siemens to produce 2 pole Generators up to 250MVA.
- TD Power has installed 6297 generators till FY24. 41% of these have been installed in exports markets as compared to 16% on and before FY13. No. of generators supplied in domestic & exports market has grown at a CAGR of 7% & 21% respectively between FY13 & FY24.
- In 2017, company signed long term agreement with Alstom to supply Stators and Rotors for Traction Motors.
- The Company's commitment to quality, the global acceptance of products & long- standing relationship with customers build over time has enabled the company to penetrate deeper into existing geographies and add newer territories.
- Total order book as on 31st March 2024 stands at Rs. 11,895 Mn. In FY24, order inflows from both Domestic & Export market recorded solid growth. Domestic order inflows grew by 13% YoY and Export (incl. deemed exports) order inflows grew by 33% YoY.
- Key Managerial people: Mr. Mohib Khericha (Chairman & Non-executive Director), Mr. Nikhil Kumar (Managing Director), Mr. Ramakrishna Varna (Chief Operating officer), Ms. M.N Varalakshmi (Chief Financial Officer) and Ms. S. Prabhamani (Non-Independent Director).



ANNUAL PERFORMANCE

Financials & Valuations

Income Statement

	2019	2020	2021	2022	2023	2024	(₹ Cr)	
March	2019	2020	2021	2022	2023	2024	2025E	2026E
Revenue from operations	459.02	514.9	593.6	797.4	872.3	1001	1200	1404
Growth YoY (%)	5.55	12.2	15.3	34.3	9.4	14.7	20	17
Total Expenditure	428.96	477.3	522.8	700.5	738.7	833	996	1158
(%) of sales	93.45	92.7	88.1	87.8	84.7	83.3	83	82.5
EBITDA	30.06	37.6	70.8	96.9	133.6	167	204	246
EBITDA Growth (%)	48.84	29.5	57.8	41.8	35.0	24.6	22.15	20.58
EBITDA Margin (%)	7.32	8.5	11.2	12.6	15.1	16.7	17	17.5
Depreciation	25.99	22.2	21.5	22.0	20.7	21	22	25
EBIT	4	15.4	49.3	75	113	146	182	221
Growth (%)		285	3.20	52	50	29	24.65	21.4
Interest Expenses	5.74	9.8	9.3	7.1	4.5	0	0	0
Other Income	9.16	13.2	9.3	16.7	19.8	16	15	15
Earnings before Taxes	7.49	32.8	56.5	92.1	129.5	162	197	236
Growth (%)	-97%	338%	72%	63%	41%	25	21.6	19.8
EBT Margin (%)	1.40	5.5	7.9	10.2	12.7	16.18	16.41	16.8
Tax-Total	4.29	2.8	11.3	21.6	32.7	44	51	61
Rate of tax (%)	57.29	8.6	20.0	23.4	25.3	27	26	26
Net Profit	3.20	29.9	45.2	70.5	96.8	118	146	175
Growth (%)	122.17	836.0	51.0	55.9	37.3	22	23.7	19.8
PAT Margin (%)	0.60	5.0	6.3	7.8	9.5	11.8	12.2	12.5
EPS	0.21	1.9	2.9	4.5	6.2	7.58	9.35	11.21
EPS Growth (%)	123.77	838.3	51.0	55.1	36.9	11.8	23.4	12.5

Balance Sheet

Y/E March	2019	2020	2021	2022	2023	2024
Equity Share Capital	31	31.0	31.0	31.0	31.0	31.0
Reserves & Surplus	385	394.0	440.0	496.0	573.0	674.0
Total Shareholder's Funds	416.0	425.0	471.0	527.0	604.0	705.0
Borrowings	61	68.0	52.0	71.0	0.0	0.0
Other Liabilities items	271	265.0	262.0	309.0	299.0	333.0
Total Equity and Liabilities	748.0	758.0	785.0	907.0	903.0	1,038.0
Net Block	198.0	180.0	174.0	166.0	163.0	186
Capital Work in progress	1.0	1.0	1.0	1.0	0.0	1
Investments	10.0	20.0	20.0	20.0	20.0	10
Total Non-Current Assets (A)	209.0	201.0	195.0	187.0	183.0	197.0
Inventory	113.0	144.0	189.0	209.0	199.0	250
Debtors	229.0	173.0	162.0	241.0	269.0	307
Cash and Bank Balance	128.0	158.0	164.0	161.0	169.0	211
Short Term Loans and Advances	0.0	0.0	0.0	0.0	0.0	0
Other Current Assets	69.0	82.0	75.0	109.0	83.0	73
Total Current Assets (B)	539.0	557.0	590.0	720.0	720.0	841.0
Total Assets(A+B)	748.0	758.0	785.0	907.0	903.0	1,038.0

Source: Company, Hem Securities Research.



Ratios						
Y/E March (Basic (INR))	2019	2020	2021	2022	2023	2024
Profitability and return ratios						
Net profit margin (%)	0.60	5.02	6.32	7.79	9.52	11.8
EBITDA margin (%)	7.32	8.52	11.21	12.55	15.09	16.7
EBIT margin (%)	2.47	7.14	9.21	10.95	13.18	14.6
ROE (%)	0.74	7.08	10.02	14.11	17.11	18
ROCE (%)	2.66	8.79	12.97	17.69	22.29	24.8
Working Capital & liquidity ratios						
Payables (Days)	165.70	160.07	116.98	83.65	87.66	78
Inventory (Days)	66.20	78.66	85.08	80.23	73.19	139
Receivables (Days)	140.99	122.87	85.47	81.25	91.58	112
Current Ratio (x)	1.64	1.67	1.88	1.90	2.41	2.52
Valuations Ratios						
EV/sales (x)	0.68	0.33	0.58	1.23	2.64	5.12
EV/EBITDA (x)	8.00	3.38	4.31	8.64	15.00	27.9
P/E (x)	118.86	6.00	10.12	15.21	25.51	45
P/BV (x)	0.91	0.61	0.97	2.03	4.09	7.56
Dividend Yield (%)	1.63	2.65	1.69	1.02	0.63	0.15
Return on Assets (%)	0.44	3.98	5.86	8.33	10.70	12.2
Leverage Ratio						
Debt/Equity (x)	0.15	0.16	0.11	0.13	0.00	0.00

Cash Flow Statement						
Y/E March	2019	2020	2021	2022	2023	2024
CF from Operating activities (A)	48	56	-3	11	89	84
CF from Investing Activities (B)	-13	0	-11	-14	-13	-33
CF from Financing Activities (C)	-45	-17	-20	11	-89	-16
Net Cash Flow	-10	39	-34	8	-13	36
Add: Opening Bal.	52	42	81	47	55	42
Closing Balance	42	81	47	55	42	78

Source: Company, Hem Securities Research.



RATING CRITERIA

INVESTMENT RATING	EXPECTED RETURN
BUY	>=15%
ACCUMULATE	5% to 15%
HOLD	0 to 5%
REDUCE	-5% to 0
SELL	<-5%

RECOMMENDATION SUMMARY

DATE	RATING	TARGET
3 rd June	BUY	392

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Name of the Research Analyst: Mudit Jain

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3.	Research Analyst or his/her relative or HSL has any other material conflict of interest at the time of publication of the Research Report	No
4.	Research Analyst has served as an officer, director or employee of the subject company(ies)	No
5.	HSL has received any compensation from the subject company in the past twelve months	No
6.	HSL has received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
7.	HSL has received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
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