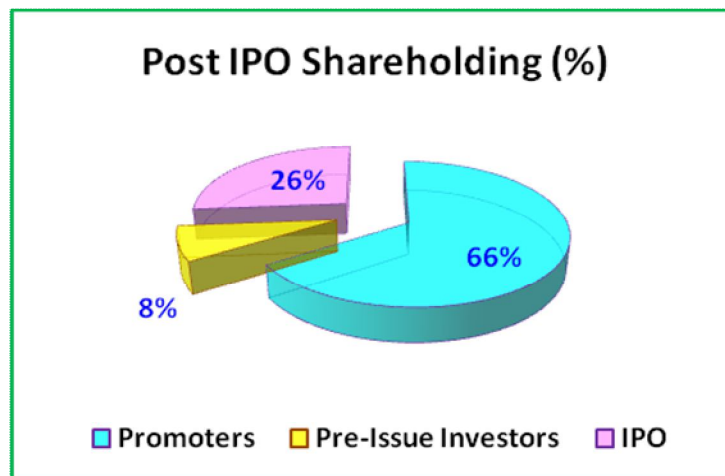




## TD Power Systems Ltd IPO

Sector	Power Ancillary
Website	www.tdps.co.in.
Issue Opens	24-Aug-11
Issue Closes	26-Aug-11
No. of Shares	87 Lakhs
Aggregating (INR)	227 Crore (Upper band)
Key Executives	NIKHIL KUMAR, HITOSHI MATSUO, MOHIB N. KHERICHA
Registrar	Link Intime
BRLM	Equirus, Antique, ENAM
Post IPO Equity (INR)	33.07 Crore

Price INR 256-261 (FV 10)



Assuming IPO @ Rs.261/Share Upper Band

## Company Background

Incorporated in 1999, Bangalore based TD Power Systems Ltd is one of the leading manufacturers of AC Generators with output capacity in the range of 1 MW to 52 MW for prime movers such as steam turbines, gas turbines, hydro turbines, wind turbines, diesel and gas engines. Along with AC Generators Company also executes Turbine Generator ("TG") island projects for steam turbine power plants with output capacity up to 52 MW using a Japanese turbine combined with their generator. Company is ISO 9001-2008 certified.

Company's customer base includes cement, steel, paper, chemical, metals, sugar co-generation, bio-mass power plants, hydro-electric power plants and Independent Power Plants ("IPPs") companies. Some of the customers include Shree Cements Limited, Vasavadatta Cements, Nava Bharat Ventures Limited, Chettinad Cement Corporation Limited and Balrampur Chini Mills Limited.

DF Power Systems Private Ltd, a subsidiary company of TD Power is in the business of Engineering, Procurement and Construction (EPC) of the boiler-turbine generator (BTG) island and the balance of plant (BOP) portion of steam turbine power plants with outputs from 52 MW up to 150 MW. Company also has entered into a Product Development Cooperation and Manufacturing Agreement with Voith Hydro Holding GmbH & Co.KG ("Voith Hydro") for jointly developing electric generators

## Objectives of the Issue

The company plans to raise about ₹. 227 Crore (at upper band) from the issue, It plans to utilize issue proceeds as:

Particulars	Rs. Crore
Expansion of Plant at Dabaspet	102.73
Construction of Office in Bangalore	29
Repayment of debt	32.8
Funding Working Capital	40
<b>Total Rupees Crore</b>	<b>204.53</b>

Besides, it plans to meet IPO Expenses, Corporate Expenses etc. from the issue proceeds.



## Highlights

- India is among the fastest growing economies in US\$ 1 Trillion Club. However, country faces huge power shortage which impacts the growth potential of the economy.
- Govt has taken good steps to boost up nation's power generation capacity. Still there is wide gap with supply falling short to meet the growing demand. Over the last five years, power demand has grown at a CAGR of 7.1 per cent while supply has grown by only 6.6 per cent resulting in the base load deficit widening from 8.4 per cent in 2005-06 to 10.1 per cent in 2009-10. During the same period, movement in peak load deficit has been very uneven, with the deficit rising from 12.3 per cent in 2005-06 to 16.6 per cent in 2007-08, before declining again to 12.7 per cent in 2009-10.
- TD Power is one of the leading manufacturers of AC Generators with output capacity in the range of 1 MW to 52 MW for prime movers such as steam turbines, gas turbines, hydro turbines, wind turbines, diesel and gas engines. We focus on manufacturing custom-designed generators for our customers who are based across the world. We also manufacture motors. From the inception of our Company and as of June 30, 2011, we have manufactured a total of 1,538 generators with an aggregate output capacity of 12,657 MW, of which 233 generators have been supplied to customers across 34 countries.
- The issue has been given a high "4/5" Grade by CARE.

## Financial Highlights (Consolidated)

Rs. Crore	FY 2010	FY 2011	FY 2012 E
Total Income	745.38	876.64	1034.4
Operating Expenses	676.3	789.05	900.0
PBT	69.08	87.59	134.5
Exceptional Items	0	0	
Tax	25.58	30.94	45.7
PAT	43.5	56.65	88.8
Equity (FV 10)	24.3	24.3	33.1
EPS	17.90	23.31	26.84

## Peerset Comparison (FY 2011)

Rs. Crore	TD Power	Alstom	TRIL	Voltamp
FY 2011 Total Income	876.64	1857	546	526
FY 2011 Net Profit	56.65	168.9	40	51
Equity	24.3	67	12.92	10.12
Face Value	10	10	10	10
CMP	261	531	225	506
PE	11.20	21.06	7.27	10.04
M Cap/Total Sales	0.72	1.92	0.53	0.97
NPM (%)	6.46	9.10	7.33	9.70

## Risks

- Power Ancillary industry is dependent on the capacity expansion by the mainline Power producers. The industry is under strict control. Profitability is determined by Govt policies. Cash Inflows of Power Producers impact their suppliers like Ancillary industry.
- Often huge time is involved in installation of new capacities and payments can also be delayed.
- There is inconsistency in order inflows.



## Valuation & Recommendation: Worth Looking at...

TD Power is Power Ancillary maker run by technocrats from India & Japan. The company has diverse portfolio of A.C. Gensets. The pricing is at par with peers. Given the High "4/5" Grade by CARE, investors can look this Issue. A prudent strategy will be to look at subscription figure of 25 August & then take a call on last day (26 August)

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**Shri Parasram Commodities Pvt. Ltd.**

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