

September 15, 2025

Visit Update

Key Financials - Consolidated

Y/e Mar	FY22	FY23	FY24	FY25
Sales (Rs. bn)	7,843	8,493	9,759	12,565
EBITDA (Rs. bn)	919	1,302	1,674	2,308
Margin (%)	11.7	15.3	17.2	18.4
PAT (Rs. bn)	705	968	1,183	1,746
EPS (Rs.)	4.6	6.2	7.6	11.2
Gr. (%)	54.4	36.0	21.7	47.5
DPS (Rs.)	0.7	0.5	1.1	1.3
Yield (%)	0.1	0.1	0.2	0.2
RoE (%)	13.0	16.9	18.1	22.3
RoCE (%)	12.5	18.2	22.3	26.7
EV/Sales (x)	10.7	9.9	8.6	6.7
EV/EBITDA (x)	91.7	64.7	50.4	36.5
PE (x)	120.4	88.5	72.8	49.3
P/BV (x)	16.27	14.2	12.2	10.0

Key Data

TDPS.BO | TDPS IN

52-W High / Low	Rs.576 / Rs.293
Sensex / Nifty	81,905 / 25,114
Market Cap	Rs.85.6bn/ \$ 971.4m
Shares Outstanding	156.2m
3M Avg. Daily Value	Rs.465.3m

Shareholding Pattern (%)

Promoter's	26.88
Foreign	23.70
Domestic Institution	25.29
Public & Others	24.13
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	7.8	70.9	30.4
Relative	5.3	59.7	30.6

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Strong export demand driving growth

We visited TD Power Systems' (TDPS) manufacturing facility and engaged with the management team to discuss its financial and operational performance, capacity expansion plans, and growth outlook. TDPS is strategically positioned for growth, supported by strong data center-driven export demand from the U.S. and Europe for gas turbine and engine generators. Domestically, despite a muted market environment, the company's commanding ~95% market share underpins stable growth, further complemented by its role as the exclusive supplier to leading turbine manufacturers and refurbishment opportunities in the hydro segment. Rising demand for motors, particularly from the Middle East, is expected to drive segmental revenues to ~Rs2.5bn by FY27. In addition, TDPS's ongoing capacity expansion of ~Rs1.4bn is anticipated to propel revenues to ~Rs20bn by FY27 with moderate margin improvement and target working capital of ~110-115 days.

We remain positive on TDPS given, 1) capacity expansion to drive revenue growth, 2) strong export demand for generator business, 3) its ~95% market share in domestic gas and steam generators, and 4) strong traction for motors business from Middle Eastern region.

TD Power – Dominating India's Industrial generator market

TDPS is a leading global manufacturer of A.C. generators and motors, serving diverse sectors including thermal, hydro, wind, and industrial applications. With a worldwide presence and a comprehensive product portfolio ranging from 1 to 250 MVA, the company has established itself as a key international player in the generator manufacturing space.

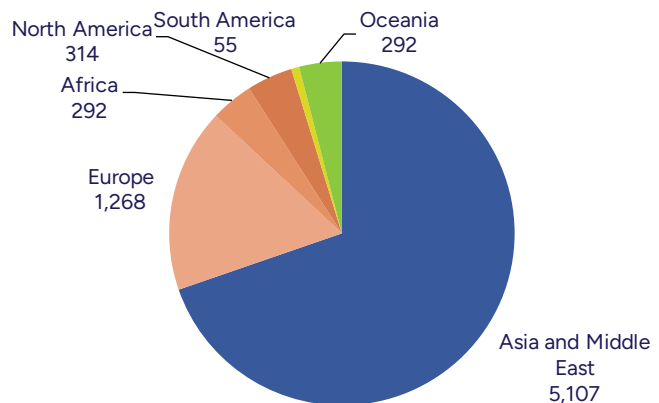
- To date, TDPS has supplied over **7,300 generators across 111 countries** and delivered **66 motors**, primarily to the Middle East.
- In FY25, the company's revenue mix stood at **66% domestic (including deemed exports) and 34% exports**, while the product mix was **~85% generators and ~15% motors**. With strong traction from export markets, **~67% of order inflow in FY25 was from exports**. It is anticipated to increase the export mix in the revenue going forward.
- TDPS commands a dominant ~95% market share in the Indian generator segment and holds a ~5-6% share globally.**
- The company's existing capacity enables the production of **~700 machines annually**, including ~300 gas turbines and engine generators.
- TDPS is investing **~Rs1,400mn** in its third manufacturing facility, with an annual capacity of **~1,000 machines**. The facility is currently under commercial trials and is expected to be fully operational in the coming months.
- Once commissioned, the new facility will expand TDPS's total capacity to **~1,800 machines**. Improved capacity and capability are anticipated to result in a **peak revenue of ~Rs20-24bn by FY27**.

Exhibit 1: TDPS is the only company in India to offer a complete range of generator solutions for turbines and engines



Source: Company, PL

Exhibit 2: ~70% of the generators are supplied in Asia and Middle East



Source: Company, PL

Key takeaways:

Generators – Gas generators to drive next leg of growth

Gas turbine & engine generators:

- TDPS's gas turbine and engine generator business is primarily export-focused, as domestic demand remains subdued, and is expected to be a key growth driver.
- Export demand is largely driven by the rapid expansion of data center capacity across the U.S. and Europe.

- Of total exports to the U.S., around **25% are shipped directly to U.S. OEMs**, while the remaining **~75% are routed through European OEMs**, who then sell turbines and engines to U.S. customers, partially mitigating tariff exposure.
- Surging data center demand has led European OEMs to operate at full capacity until FY27, creating strong visibility for TDPS's products.
- In the domestic market, **Caterpillar India** is a prominent competitor in the gas turbine and engine generator segment.
- TDPS also operates a **manufacturing facility in Turkey**, initially set up to benefit from local government incentives for Turkish-made generators. While these incentives have since been withdrawn, the facility now serves as an export hub, with some domestic production re-routed through Turkey to the U.S., further reducing tariff impact.

Steam turbine & engine generators:

- Domestic demand for steam turbine and engine generators remains subdued.
- TDPS continues to be a key supplier to leading steam turbine manufacturers, including **Siemens Energy** and **Triveni Turbine**.
- The company is witnessing **robust refurbishment opportunities** from hydro power plants in India.
- Export demand for steam turbine and engine generators is expanding, supported by growth in **renewable energy, waste-to-energy, biomass, and geothermal projects**.

Motors – Aims to achieve ~Rs2.5bn sales by FY27

TDPS manufactures three categories of motors: **(1) Induction Motors** (up to 20 MW), **(2) Synchronous Motors** (up to 50 MW), and **(3) Traction Motors** (up to 50 MW). In FY25, the motors division generated revenues of approximately **Rs1,900mn**, with an even split between synchronous and traction motors. Management has set a target to scale this segment to around **Rs2,500mn by FY27**.

Synchronous Motors:

- **Synchronous motors** (up to 50 MW) are used in heavy industries such as power generation, oil & gas, chemical processing, and mining.
- Approximately **90% of TDPS's synchronous motor production is exported to the Middle East**, primarily to turbine engine OEMs serving various industrial applications.
- The segment reported revenues of ~Rs900mn in FY25.
- Motors utilize **copper coils with a long service life of up to 20 years**, requiring minimal aftermarket support in terms of repairs or spares.

- There is a **significant replacement opportunity in India's thermal power plants**, where aging Russian-installed motors now require modernization to enhance efficiency and reliability.

Traction Motors:

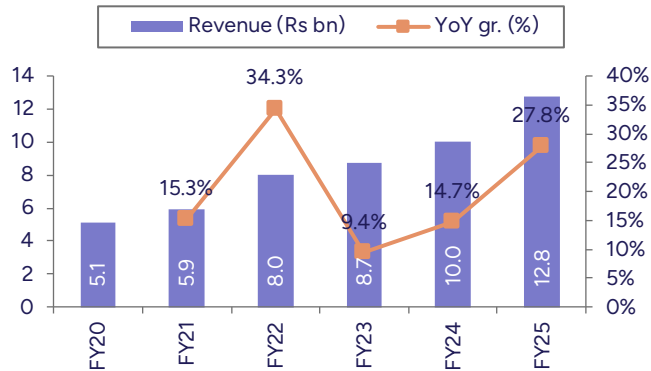
- TDPS's traction motor manufacturing **exclusively caters to Alstom**, a global leader in rail transportation systems.
- The company has a contract with Alstom to supply traction motors worth **~Rs1,000mn per annum till FY26-27**.
- TDPS is in advanced discussions with Alstom to expand supply agreements to Alstom USA and Alstom Germany, which is expected to **contribute an additional ~Rs1,000mn annually starting from FY27**.
- **In FY25, the traction motors business generated revenues of around Rs1,000mn.**

Key Risks:

- Promoter holding has gone down from ~59% in FY20 to ~27% in FY26. Any further reduction of promoter holding may signify loss of confidence in the business.
- Due to significant exposure to the US, reciprocal tariffs may impact the financial performance of the company.
- Any slowdown in the data center capacity addition in developed geographies such as the USA and Europe may significantly impact the demand for company's products.
- The subdued domestic market remains a cause of concern.
- Geopolitical uncertainties may impact prices of important commodities such as copper and aluminium which may adversely impact profitability.

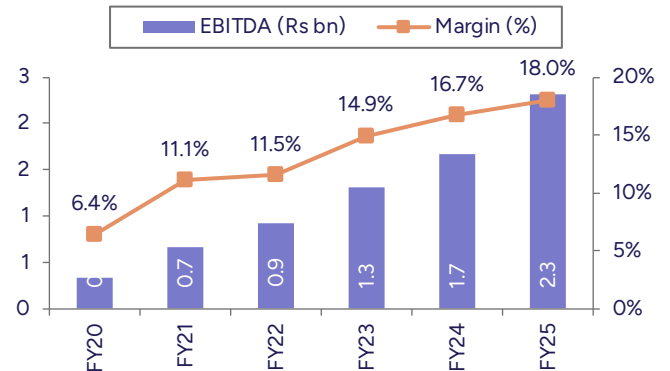
Story in Charts

Exhibit 3: TDPS clocked ~20% revenue CAGR over FY20-25



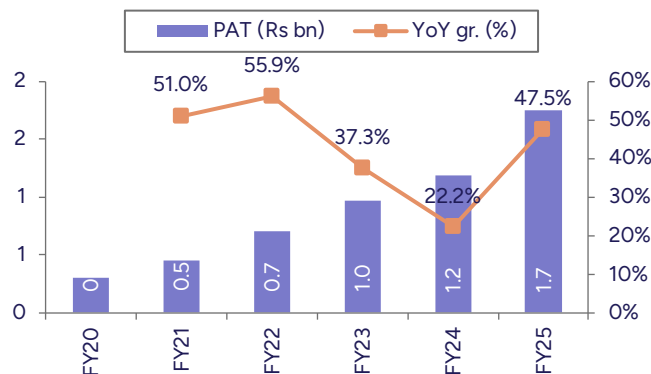
Source: Company, PL

Exhibit 4: EBITDA margins remain on expansion path



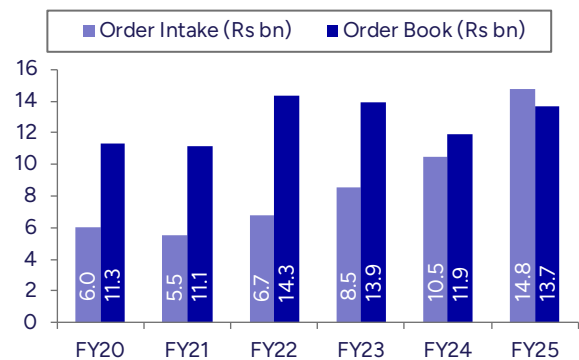
Source: Company, PL

Exhibit 5: Strong PAT CAGR of ~42% over FY20-25



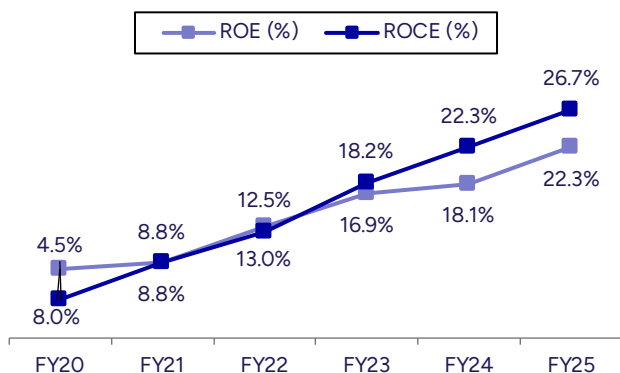
Source: Company, PL

Exhibit 6: Robust export demand led order intake growth



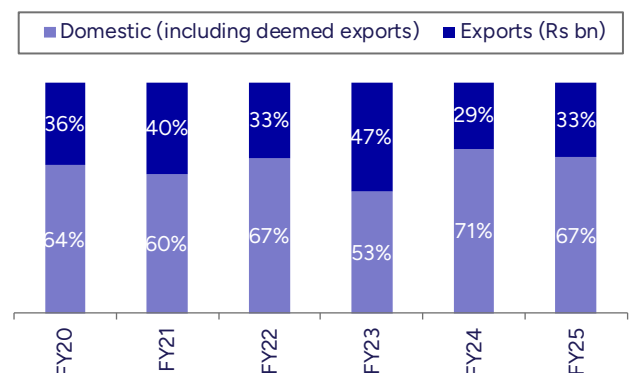
Source: Company, PL

Exhibit 7: Return ratios continue to improve surpassing ~20%



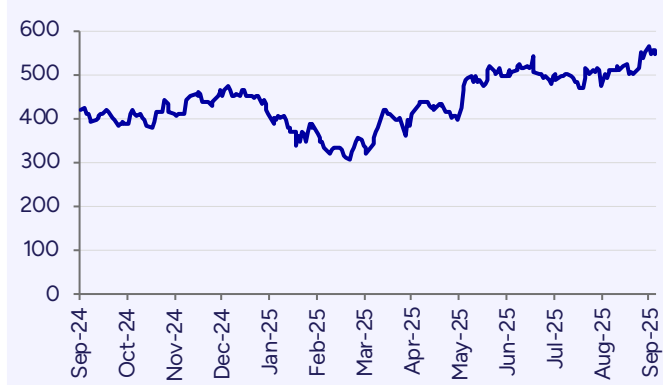
Source: Company, PL

Exhibit 8: Export mix is expected to increase going forward



Source: Company, PL

Price Chart



Recommendation History

No. Date Rating TP (Rs.) Share Price (Rs.)

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ABB India	Accumulate	5,600	5,093
2	Apar Industries	Hold	9,540	9,682
3	BEML	Hold	4,142	4,079
4	Bharat Electronics	Hold	374	387
5	BHEL	Hold	215	228
6	Carborundum Universal	Hold	835	841
7	Cummins India	Hold	3,895	3,807
8	Elgi Equipments	Accumulate	559	500
9	Engineers India	BUY	245	191
10	GE Vernova T&D India	Accumulate	2,706	2,473
11	Grindwell Norton	Hold	1,739	1,635
12	Harsha Engineers International	Hold	402	423
13	Hindustan Aeronautics	BUY	5,500	4,409
14	Ingersoll-Rand (India)	BUY	4,335	3,602
15	Kalpataru Projects International	Accumulate	1,366	1,184
16	KEC International	Accumulate	911	860
17	Kirloskar Pneumatic Company	BUY	1,636	1,316
18	Larsen & Toubro	BUY	4,144	3,496
19	Praj Industries	Hold	393	414
20	Siemens	Accumulate	3,431	3,115
21	Thermax	Hold	3,633	3,330
22	Triveni Turbine	BUY	650	530
23	Voltamp Transformers	BUY	10,285	8,892

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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