

TD POWER

Issue Details

Issue Price	: Rs. 256 – 261
No. of Shares	: 8.7 – 8.9 million shares
Issue Size	: Rs. 2,270 million
Issue Opens – Closes	: 24th August – 26th August, 2011
Listing	: BSE & NSE
Market Cap	: Rs. 8,509 – 8,631 million

Background

- TD Power operates three divisions. The first is the manufacturing division under which company manufactures AC Generators with output capacity upto 52 MW. The second is the projects division under which it executes 'Turbine Generator' is land projects for steam turbine power plants with capacity upto 52 MW by using its own generators with turbines sourced from Japan. The third is the Engineering, Procurement and Construction division for power plants with capacity from 52 MW to 150 MW comprising installation and commissioning of Boiler-Turbine-Generator (BTG) excluding civil construction sourced from various original equipment manufacturers (OEM).
- As of June 30, 2011, the total value of the company's order book for the Projects Business was Rs. 1,831.40 million and for the EPC Business was Rs. 5,308.90 million and the cumulative value of the order book was Rs. 10,946.88 million.
- The company has an in-house product development team comprising 50 technical personnel as of June 30, 2011 all of whom are trained and 113 engineers.
- The company caters to companies operating in the industrial sector encompassing cement, steel, paper, chemical, metals, sugar co-generation, bio-mass power plants, hydro-electric power plants and Independent Power Plants companies.
- The company has two manufacturing plants located in Dabaspur, Industrial Area on the outskirts of Bangalore, spread over 219,290.72 sq. ft.
- TD Power is ISO 9001-2008 certified and ISO 14001/OHSAS 18001:2007 certified by TUV SUD Management Services GmbH, Munich.

Why is the company making the IPO?

- Expansion of manufacturing facility at Dabaspur, Bangalore
- Construction of project office in Bangalore
- Repayment of debt
- For working capital requirements
- For General Corporate purposes

[From the Research Desk of theIPOguru.com](http://theIPOguru.com)

- The company has a diversified business model as indicated in the table below

Sector	Fiscal 2011		Fiscal 2010		Fiscal 2009	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Manufacturing	3,235.33	37.46	2,553.04	34.58	2,154.10	43.43
Projects Business	1,643.47	19.03	1,782.85	24.15	2,534.07	51.08
EPC Business	3,758.46	43.51	3,046.32	41.27	272.57	5.49
Total	8,637.26	100.00	7,382.21	100.00	4,960.74	100.00

- As on June 2011, the total outstanding order book of the company stood at Rs 1,094.7 cr which is 1.25x TDPSL's FY 2011 revenues.
- 97% of manufacturing orders in FY 11 have been from existing customers. Notably, In Fiscal 2011, the largest customer, contributed to 23.32% of the restated consolidated net sales.
- For the periods ended March 31, 2011, March 31, 2010 and March 31, 2009, the top ten customers accounted for 76.60%, 68.15% and 43.01%, respectively, of the restated consolidated net sales.
- The company's business is cyclical in nature and could be affected on account of the slowdown expected in the economy. However it caters to industries which are crucial for economic development and could do well over a period of time.
- While the company has focused on emerging markets such as Middle East, Africa and South East Asia, it plans to expand its presence in developed countries such as Japan, Germany, Austria, Italy, etc. However with economic turmoil in most of the above nations, growth prospects need to be monitored.
- The company has maintained its margins over the last three years and has posted satisfactory growth especially in the manufacturing segment. It has positive cash flows at the net and operating level.
- The company is present in a capital intensive business, and has a debt to equity ratio of 0.5.
- TD Power proposes to continue to expand its product portfolio by upgrading and introducing new products under its business verticals. The company is exploring opportunities to expand its manufacturing capabilities to produce generators up to 300MW.
- The Financials of the company have been satisfactory, albeit one must factor in the low base effect. Total income has grown at a CAGR of 31.3%, 28% in EBITDA and 14.2% PAT during FY 2008-2011