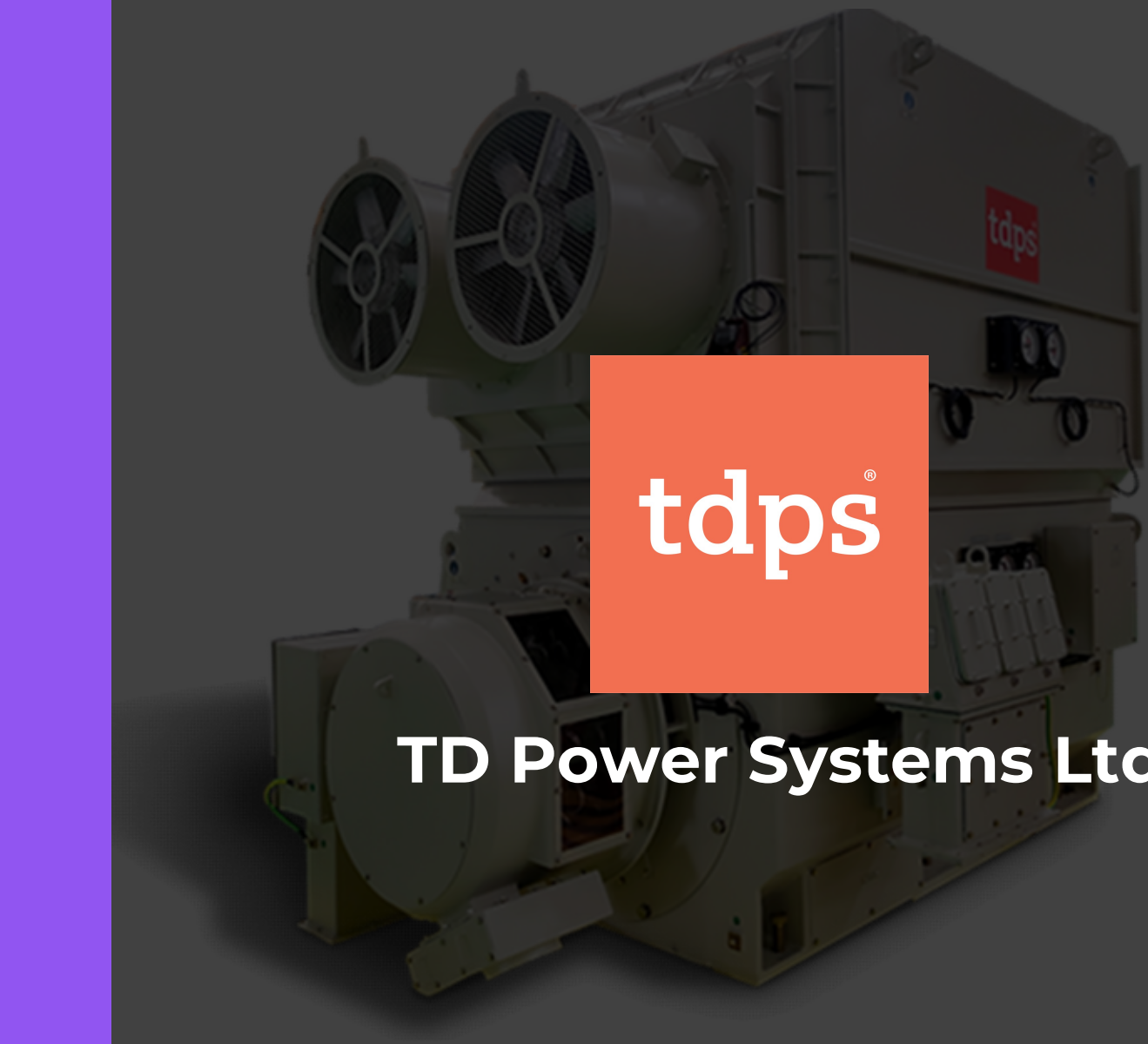
Initiating Coverage

13th March 2025



TD Power Systems Ltd

SNM VALUE EDUCATOR RESEARCH SERVICES LLP:
Emerging Titans

RA No: INH000019789

13 March 2025 | Sector: Boiler, Turbine & Gas (BTG)

TD Power Systems Ltd | BUY

Proxy player in power generation

We initiate coverage on TD Power Systems Ltd, India's fastest-growing player in the BTG sector. As a debt-free company with extensive manufacturing capabilities and a proven track record, it stands to benefit from rising demand in the power sector. We assign a BUY rating to the stock, as they are well-positioned to cater to the growing demand of the power industry.

INVESTMENT RATIONALE

1) Increase in Export : They have been witnessing great demand for their products in the export market. Export order book for TDPS has increased by 102% from ₹236 Cr in H1FY24 to ₹478 Cr in H1FY25. Of the total order inflow exports and deemed exports constitutes 73% excluding railways. Going ahead company will maintain 60-40 split between export and domestic market.

2) CAPEX Plans: They will be setting up a 3rd plant at Karnataka to meet the growing demand. This new plant will add additional ₹300 to ₹400 Cr revenue potential at full utilization. Current capacity of their existing plants is ₹1300 Cr with the third plant being set up they can go up to ₹1700 to ₹1800 Cr revenue potential.

3) Gas generators and engines to drive growth: They have been witnessing great demand for their gas generators and gas engines in the export market due to growth in AI and digitization.

4) Strong Financials: With healthy revenue growth and exponential order inflow the management has re-rated their revenue guidance from ₹1200 Cr to ₹1250 - ₹1275 Cr. They will be growing their revenue at a CAGR of 17% to 18% and expect margins to grow 3% to 4% faster than revenue growth due to operating leverage.

Recommendation	BUY
Allocation	3%
CMP (at initiation)	₹320
Market Cap (₹ Cr)	₹5,020
52 Week High/Low	₹482.85/ ₹256.95
NSE code	TDPOWERSYS

Shareholding pattern

Promoter	34.26%
FII+DII	44.69%
Others	21.02%

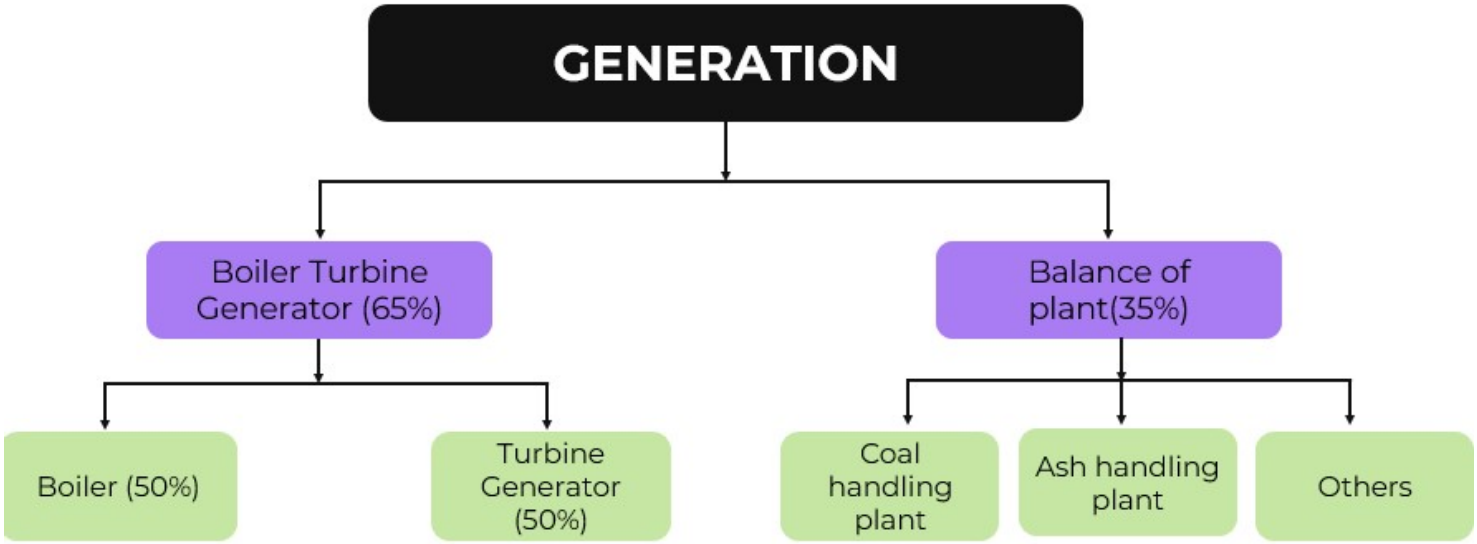
Financial Summary

(₹ Cr)	FY22	FY23	FY24
Revenues	797	872	1,001
EBITDA (%)	12%	15%	17%
PAT	70	97	118
ROCE (%)	16%	22%	25%

POWER GENERATION

Let us first understand what are the elements in power generation. Power generation is the starting point of the value chain of power. Power plants basically comprises of 2 parts:-
1) Boiler Turbine generator (BTG)
2) Balance of plant (BOP)

If we see from the chart below around 65% of power plants cost consist of BTG in which turbines constitute 50% of the cost. This is where TDPS comes into play. Their core product generators finds its applications in turbines as a key component of turbine functioning. Generators generally cost anywhere between 20% to 40% of the manufacturing cost of turbines.

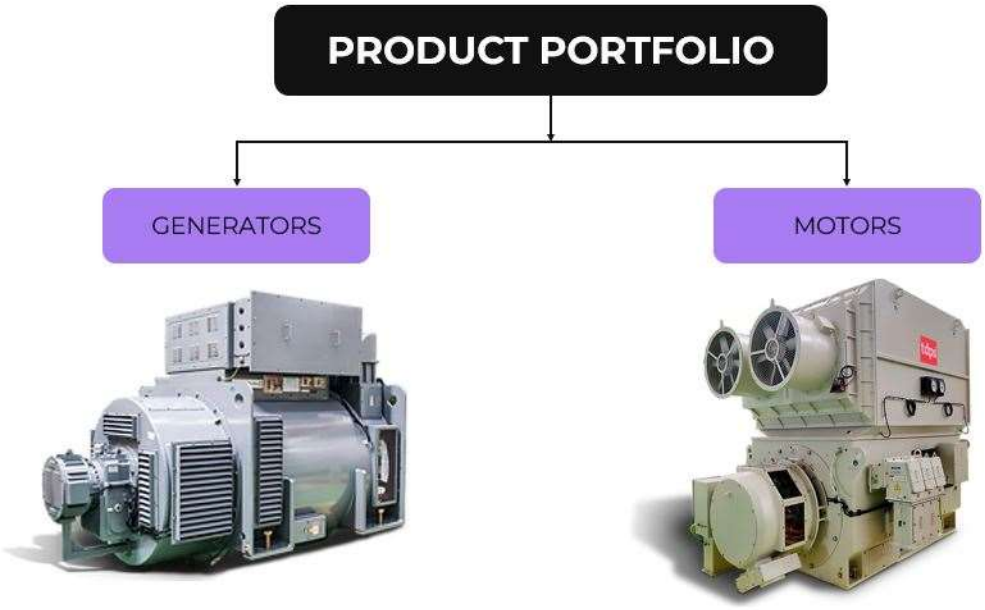


COMPANY OVERVIEW

TD power systems (TDPS) is a proxy player in the value chain of power generation. They manufacture generators and engines of various types like:- steam generators, gas generators, hydro generators, wind generators, gas engines and diesel engines up to 250 MVA. Along with this the company recently entered into manufacturing of motors of various applications like: induction motors, traction motors & synchronous motors ranging between 3 MW to 40 MW.

PRODUCT PORTFOLIO

TDPS is a manufacturer of rotating machines, where they manufacture 2 key products:- Generators and Motors. They supply these products to OEMs manufacturers, which in turn finds its applications into power generation plants.



END INDUSTRY

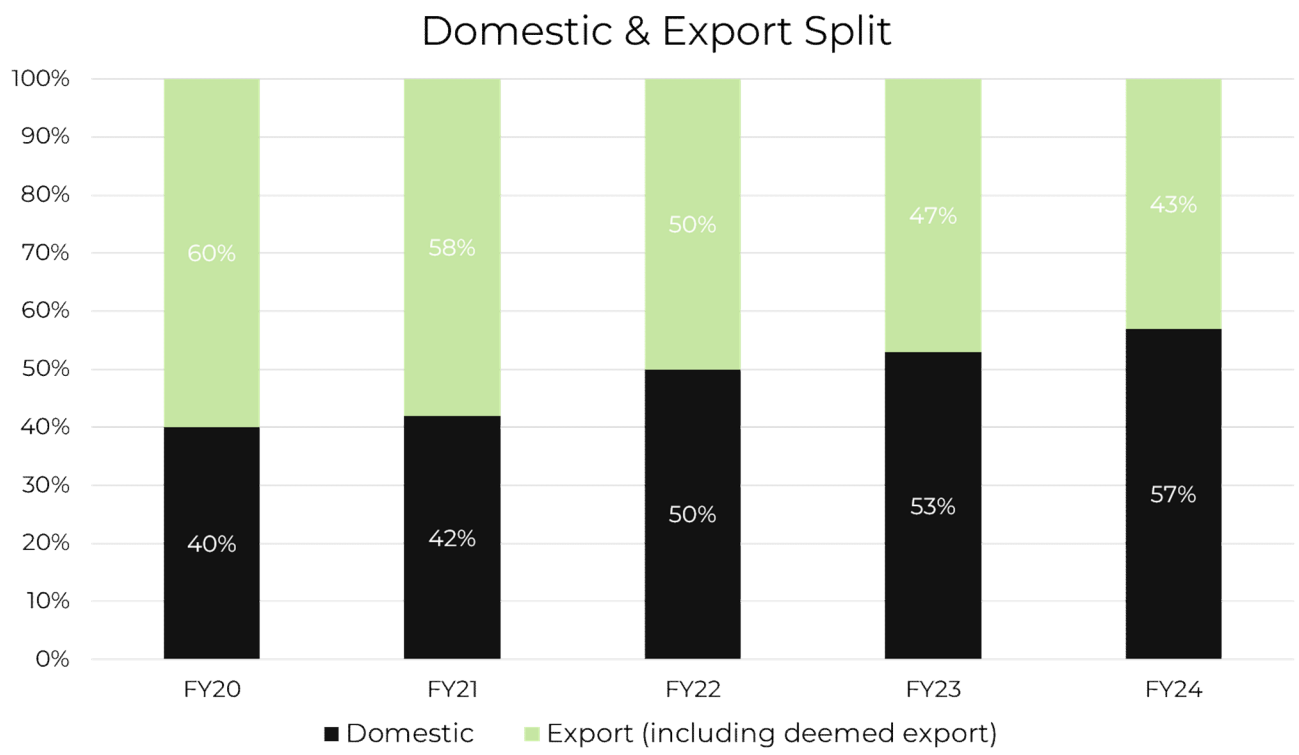
Their products find their end applications in various industries, which has enabled them to diversify their end industries. This has reduced their dependence on a single industry. Below table shows various products offered by them and its end industry applications.

Product	End Industry Application
Steam Generators	Cement, Sugar, Steel, Paper, Chemicals
Gas Generators	Oil and Gas
Hydro Generators	Hydro projects, remote areas
Wind Generators	Wind projects
Diesel Engines	Critical processes:- international airports data server farms and process industries.
Gas Engines	Manufacturing, Industrial processes
Special Generators	Used in geothermal, solar, locomotives
Induction Motors	Industrial applications
Synchronous Motors	Irrigation, water pumping
Traction Motors	Locomotives

DOMESTIC AND EXPORT SPLIT

The company supplies their products in Indian and foreign markets. They export their products across 110 countries. They majorly cater to OEMs and most of their products supplied to domestic OEMs find its end applications in the export market which comes under deemed export category for them.

Below graph shows the split between domestic and export.



MANUFACTURING UNITS

They have 2 manufacturing units in Bangalore:- Unit I and Unit II. In unit II, they focus on manufacturing large sizes of generators. They have over a period of time expanded their manufacturing capacity through automation, robotic & debottlenecking and taken this facility to a capacity of ₹1300 Cr. Currently they are running their plant seven days a week, three full shifts and they plan on setting up a new manufacturing unit at Karnataka.

NEW PLANT

TDPS is setting up a new manufacturing unit at Karnataka, for which they have acquired 15 acres land. The Company has received possession certificate for this land and entered into a lease cum sale agreement for a period of 10 years. This unit will be fungible to meet the growing demand of generators and motors as and when required. The facility will be used as a feeder shop for manufacturing subassemblies to supply to the main manufacturing units. This plant will be set up in 3 phases and entire plant will be operational by H2FY26. This plant will add ₹400 Cr capacity taking their capacity to ₹1700 Cr and further through improving efficiency management will take the capacity till ₹2300 Cr.

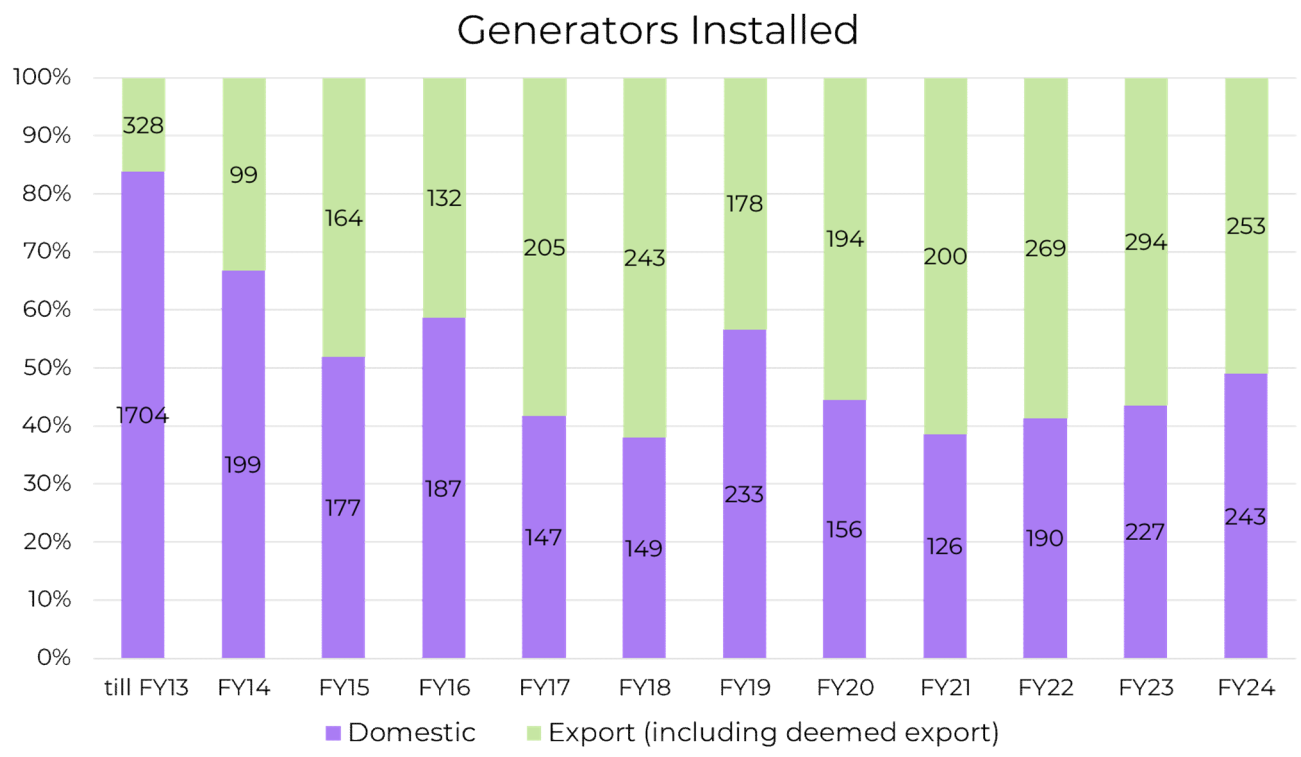
RAW MATERIALS

Key raw materials for their products include:- Steel and Copper. Steel is mainly imported by them as domestic prices for steel are generally high. Currently they have booked steel import orders for 2 years in anticipation of import restrictions. Due to this the company's inventory levels are slightly higher.

1. GENERATOR SEGMENT

So generators basically work on electromagnetic induction where it converts mechanical energy into electrical energy. They are mainly used in turbines which are basically rotating machines to convert the mechanical energy from source into electrical energy for power generation.

Below chart shows now of generators installed by them over the years.



This has been the core business of the company ever since its inception. Here they manufacture various kinds of generators up to 250 MVA. Initially the company started manufacturing generators up to 30 MVA using a license from Tokyo denki Japan. Over the time they tied up with various companies to develop generators for various end applications. TDPS has tied up with Siemens for steam and gas generators, Voith Hydro - a German company for hydro generators and Sicme Motori for wind generators. So let's look at the various types of generators they manufacture.

1) Steam Generators

They initially manufactured steam generators up to 25 MVA using technology from Toyo Denki,Japan. Over their period of time they developed their in-house technology & started to manufacture steam generators up to 52 MVA using their own technology. Apart from this in 2012 they entered into a long term license agreement with Siemens AG Germany for manufacturing higher capacity generators ranging between 52 MVA to 250 MVA. TDPS pays a royalty for the same to Siemens. This has been a major product for TDPS over the years.

Their key OEMS to whom they supply steam generators are:- Siemens (sources all requirements from TDPS), Triveni Turbines, Thermax, Thyssenkrupp, ISGEC and Cethar Vessels. Many generators supplied to domestic OEMs are deemed exports for TDPS, as they are eventually destined for international markets. This product is mainly sold in their domestic market.

Steam turbine generators are extensively used in cements, sugar, steel, paper, chemicals and other industries. This product is dominant in the domestic market.

2) Gas Generators – Driving the growth

Gas-turbine generators are generally high-speed, special designs and compact in size. They are high-efficiency systems and find major applications in oil and gas industries. TPDS manufactures generators of up to 250 MVA for these applications for which they have license agreement with Siemens AG Germany.

Currently they are seeing good growth for gas turbine generators due to growth in data centers, AI server farms and grid stabilization on the export side. They expect around 50% to 60% of export orders to come from Australia, UK, Argentina, US and Ukraine markets.

3) Wind generators – Competition driven

Generators manufactured here depend on the end requirement of their customers. Here they manufacture 3 types of generators:- permanent-magnet generators, synchronous generators and doubly fed induction generators.

Wind generators face intense competition which is why management is selective in orders here. This product is not a big contributor as most wind turbine manufacturers like:- Wescam, Siemens, Gamesa, Suzlon have their own generator manufacturing capabilities. Making it a difficult market to penetrate. Apart from this every single customer in the past they had for wind have become bankrupt.

4) Hydro generators - Potential ahead?

During 2009 they jointly developed technology for hydro generators with Voith Hydro Germany for which the company did not pay any royalty. They manufacture hydro generators up to 45 MVA. This product is 100% export product. Hydro generators have long project cycle and is a cyclical business. Currently they are witnessing good demand for this product in the export market.

Voith Hydro has been a marquee client for them in the hydro generators segment. Competition for this generator is very concentrated with only 5-6 companies globally manufacturing these generators.

5) Diesel Engines – Critical application

Diesel engines find their applications for peak load demand and in critical applications like emergency/backup power plants in hospital, airport & manufacturing plants involving critical processes. Here they manufacture engines up to 25 MVA.

6) Gas Engines

Gas-engine generators are designed similarly as diesel-engine generators. They manufacture gas engines up to 25 MVA. With the rise in USA gas power plants, this product is poised for growth ahead.

7) Special Applications

They also manufacture generators for special applications that go into locomotive, marine/naval, oil & gas, geothermal and solar applications. Recently they have been seeing orders for geothermal projects. Majority of this would be reflected in their turkey subsidiary as turkey being the largest geothermal market.

OUTLOOK FOR GENERATORS DIVISION

In the domestic market currently they have been witnessing a slow growth in generators. The main growth would come from the Cement and Steel industry for power plants up to 100 MW. Apart from these two industries, industries like:- Ethanol, Sugar and Chemicals will contribute base level demand. Management has guided 3% to 4% growth from the domestic market in FY26.

Export will be their major contributor in the generators segment. They have been witnessing good order intake on the export side for gas turbine generators and gas engines motors. Growth is on account of fracking - this is a method to extract natural gas and oil from deep rock formation. This extraction process requires power for drilling purposes. Apart from these data centers, AI server farms and grid stabilization projects will drive the growth. They are witnessing strong order inflow for hydro generators as well with 100% export orders.

They are witnessing good demand for their generators for geothermal plants as well.

They have been working on manufacturing generators for waste -to-energy plants as well. In Q2FY25 they received an order from Singapore for a waste to energy plant. This order was mainly for a data center project being set up by Google. In Q3FY25 they received another order from US Ohio., to provide 10 MW power to university Dayot. So going ahead they expect good order to come up for such projects, mainly from Japan and Singapore due to their limited land availability. Growth for such plants are mainly driven by cloud computing, AI and digitization.

In the Indian data center market most power plants being set up are diesel plants. Due to limited availability of gas and the market for waste to energy not being mature. TDPS is catering to the Indian data center market through diesel generators.

They have also received order for generators for data center from a large data center company for a project in Ireland.

COMPETITON

Their major competitor in the domestic market is BHEL. Apart from this they face competition from international players like:- ABB, Siemens, GE, Emerson, Fuji, Mitsubishi, Toshiba, Andritz and Jeumont Electric.

2. MOTORS SEGMENT

This is a new product the company forayed into in FY22 to expand their product base. They basically manufacture motors between 3 MW to 40 MW.

Motors basically convert electrical energy into mechanical energy. Its operates based on electromagnetic induction, similar to generators but in motors the current creates a magnetic field that helps the machine to rotate. They mainly manufacture 3 types of motors here

1) Traction Motors

Traction motors are used in locomotives. Here they supply motors to OEMs of locomotives as well as directly to Indian railways. They are an approved vendor for Indian railways for supplying motors. Traction motors can be in the range of around ₹25 lakh per motor.

Currently they are facing high competition in traction motors in Indian railway tender which have led to very low prices. Due to this the management is limiting their presence in this segment to a minimal extent. They will be focusing on export for this product. Going ahead Europe, US and CIS market will drive traction motors demand.

2) Induction Motors

Induction motors are mainly used for industrial purposes. They manufacture motors between 3 MW to 20 MW here. These motors can find its applications in the nuclear power and thermal power industry. Currently they are focusing on the export market for this product, with the Middle east being their major market for it.

Recently on 18th Jan 2025, they received an order from Nuclear Power Corporation of India (NPCIL) of ₹57 Cr for supply of induction motors.

Snippet from latest announcement is below:

The Company is pleased to announce the receipt of a prestigious order from Nuclear Power Corporation of India (NPCIL) valued at Rs.57 Cr (inclusive of GST of Rs.9 Cr) for the supply of Induction motors. These unique low-speed motors will replace existing high-speed imported motors with reduction gearboxes.

The motors are designed to meet specific weight constraints, seismic requirements, fitted with titanium tube heat exchangers and will be customized to fit the existing base frame and coupling requirement. The motors will be supplied to NPCIL's Kudankulam plant with delivery, erection and commissioning scheduled during FY 2025-26 and 2026-27.

This order further underscores TDPS's technology prowess and commitment to manufacturing and delivering motors in service of the nation under the Make in India initiative.

3) Synchronous Motors

These motors are used in irrigation & sewage treatment projects. They manufacture motors ranging from 30-40 MW here. These orders are mostly tender based & they have seen some lumpiness in the payment terms due to which they are bidding here once they find proper payment terms.

OUTLOOK FOR MOTOR DIVISION

Guidance to do revenue of ₹80 Cr in FY25 & ₹160 Cr in FY26. Market for motors will mainly be the export market. They have been receiving good order pipelines from the Middle East and India.

Export market for motors is more than ₹1000 Cr giving them a huge market to cater to. They will be focusing on the oil and gas, compression and hydrogen industries here for this.

Currently they have been witnessing a slowdown in Indian railways tendering. Management has guided that Indian railways will soon come up with new tender which will be realized in FY27.

Going ahead once they see good volume growth momentum in traction motors, they would set up a new plant dedicated for manufacturing of these motors. Decision on this will be taken by FY26.

Snippet from Q2FY25 CC.

Nikhil Kumar: Once the qualification is complete for these jobs, we may need to have a separate facility for traction business… completely separate facility, meaning a separate building only for the traction business. It's in our planning and we will execute on that as soon as these qualifications are completed and we have passed this test and then putting up that additional shop is not a problem, we will do it… we will have to do it. These traction motors tend to be small machines, so we don't need a big building with a very heavy crane capability, and it can be put up very quickly in say three to four months' time. It's in our plan and we are just waiting for some milestones to be crossed. And once we are 100% sure that business is going to come, we'll make the investments.

3. AFTER MARKET

This is another segment the company operates in where they work on repairs, refurbishment and replacement of generators of their customers as well as competitors. Generators usually have a long life cycle of 15 to 25 years, after this they require certain repairs or replacement. This segment has usually better margins as opposed to the manufacturing segment. The company is focusing mainly on the domestic market for this segment.

TURKEY BUSINESS

TDPS set up a 100% owned subsidiary TD Power Systems Jenerator Sanayi Anonim Sirketi in Turkey in June 2017. This subsidiary focused on manufacturing generators for the Turkish market. This decision was taken to cater to the growing demand of the Turkish market and to reap the benefits of the government's incentive policy for, “made in Turkey power equipment”. This unit manufactured generators mainly for geothermal, biomass and hydro projects. They have historically been a market leader in Turkey.

However during FY 21-22 the new government scheme was not favorable for local manufacturers and some of their customers started buying from TDPS India. Along with this Turkey's currency lira kept depreciating which led them to face accounting losses. Due to the depreciating Turkish currency it became difficult to borrow funding for power projects, leading to reduced demand there. Due to this they decided to suspend their operations in Q3FY23 and were completing their ongoing projects and aftermarket work here.

Now finally in the recent Q2FY25 the management has guided revival of their turkey operations. Turkey is a power deficit country and is the largest geothermal market in the world. This has opened potential for geothermal projects. They expect to receive a large order which will be realized in FY26. They have guided Turkey to give a topline of ₹0.3 to ₹0.4 Cr in FY26. Most order will constitute order for geothermal and hydro projects.

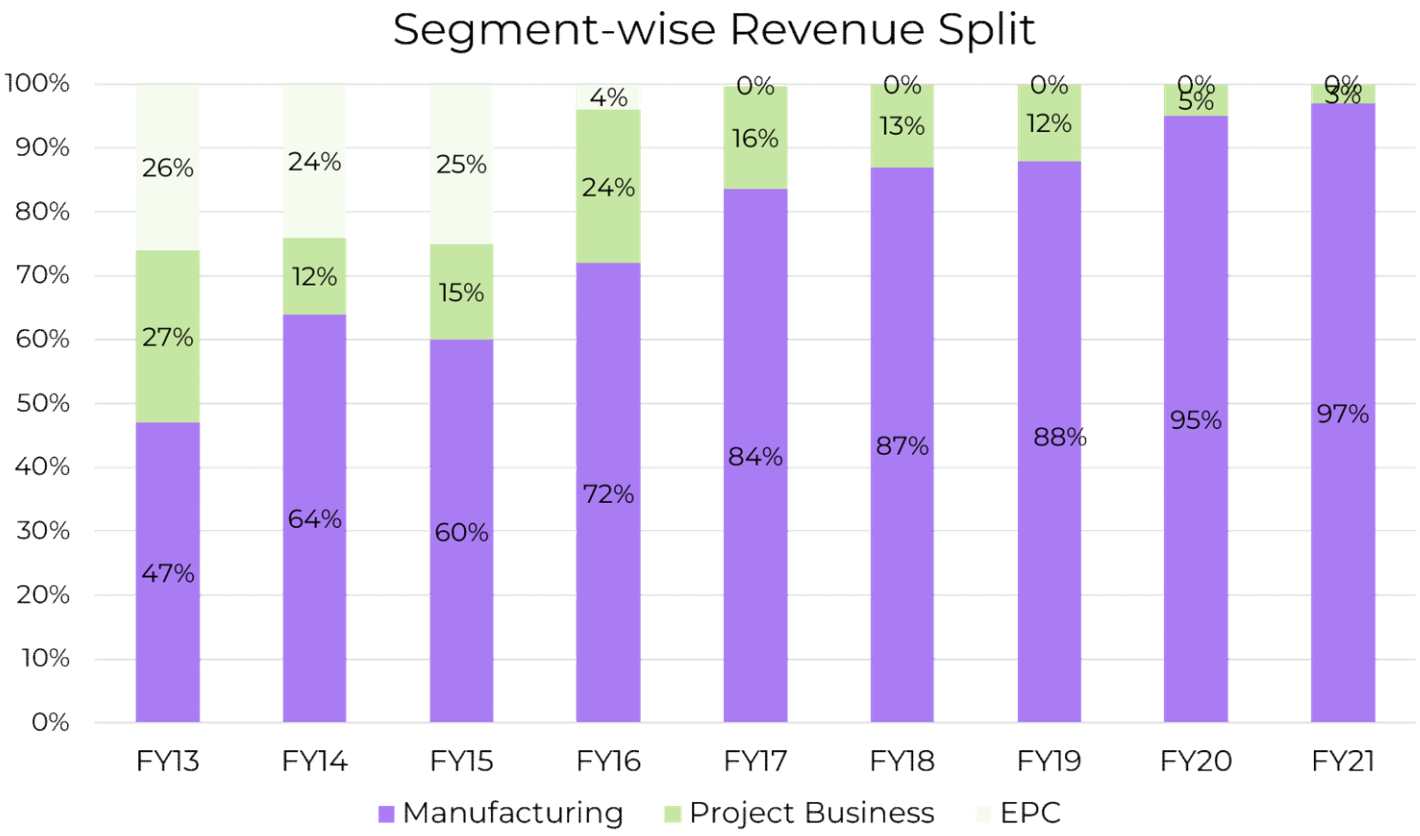
Snippet from Q2FY25 CC are below:

“Turkey.” We are going to receive some large orders from Turkey after a long pause in the market. All generators are to be delivered next year. We will keep the market informed. However, it is certain that the Turkish plant will deliver good numbers in next financial year.

HISTORY

TDPS historically carried out turbine generator island projects where they used Japanese turbines with their generators for steam turbine power plants. Here they did design, service, procurement, supply of equipment, assembly, installation & commissioning.

Later in 2001 they entered into manufacturing of generators up to 30 MW using a license from Toyo Denki Seizo K.K. ("Toyo Denki"), a leading manufacturer of power and electric equipment located in Japan. Apart from this they carried out EPC works in power generations for setting up of BOP steam turbine power plants through their subsidiary DF power systems. As of now they have discontinued EPC work. Below graph shows revenue split between segments over a period of time.



TDPS with its strong background of manufacturing rotating machines for power applications have forayed into manufacturing of motors segment in FY22, opening a huge potential for them. Here they manufacture induction motors, synchronous motors and traction motors.

INDUSTRY

TDPS basically works in the BTG segment of power generation. The global Boiler Turbine and Generator (BTG) Market size was worth around US$ 59.86 Bn in 2022 and is predicted to grow to around US$ 77.20 Bn by 2030 with a compound annual growth rate (CAGR) of roughly 3.4% between 2023 and 2030.

Potential Ahead?

After a long hiatus, the BTG tendering pipeline has shown signs of revival. As per the recently floated draft National Electricity Plan (NEP), 43 GW of thermal power generation capacity is expected to be added in the next 10 years, that is, 4.3 GW is expected to be added every year.

According to BHEL's estimates, around 28,000 MW of capacity is over 30 years old and based on subcritical technology, so the retirement of old subcritical units is expected to create a demand for new supercritical units and subsequently lead to equipment supply opportunities for BTG providers.

USA Market

Currently the USA is witnessing a natural gas power plant boom. This is mainly driven by the AI boom taking place in those regions. Currently the USA is witnessing rapid installation of data centers which requires high demand for power. Most of these which are coming up now would rely heavily on power generated by natural gas. Unlike wind and solar, gas power plants can be relied upon for steady base load power supply, which is a necessary ingredient for a data center. Apart from this gas power plants can be built out quickly in comparison to nuclear power plants.

It is expected that by 2030 around 80 new gas power plants could be constructed which will add 46 GW of new capacity, per estimates from energy data provider Enverus.

For years natural gas has accounted for the largest share of U.S. power generation, at around 40% of all electricity-generating sources. Since June 2024, this has accounted for a record-high 46% of the nation’s power generation, according to LSEG data.

Entergy plans to construct the 1.5GW gas plant with an undisclosed data center operator on a 1,400-acre site called Franklin Farms, which the state owns as per filing of Louisiana Public Service Commission (PSC).

Meta is setting up a massive data center for which Entergy announced $3.2 billion to build 3 gas plants of 2.3 GW to serve Meta’s $10 billion AI data center.

All the above plans indicate the USA will be witnessing a great push for electricity generation to meet the growing demand of the nation, which in turn will fuel the growth of gas based power plants being set up. This will open huge door for TDPS.

TURBINE MARKET ON RISE- STRONG DEMAND AHEAD?

1. GE Vernova

GE vernova received order of 9 GW of gas turbines for 2025. Apart from this they will increase their manufacturing of heavy-duty gas turbines per year from 48 to around 70 - 80 by H2FY26.

Below snippet of Q4FY24 CC.

In Power, market demand for gas generation is driving significant orders growth. For the full year, we booked approximately 20 gigawatts of Gas orders, double last year's level, and secured 9 gigawatts of slot reservation agreements for new turbines, agreements that should convert to orders in 2025 to 2026.

These agreements are tied to load growth in the US, partially driven by data center hyperscaler demand associated with AI. Given our expansion plans to produce 70 to 80 heavy-duty gas turbines per year beginning in the second half of 2026, up from 48 this year, we are positioning to meet this demand. We expect to grow our Gas equipment backlog considerably in 2025, even as we ramp to ship approximately 20 gigawatts annually starting in 2027, and expect to remain at that level going forward.

2. Mitsubishi Heavy industries

During H1FY24 they had received contracts for 9 large frame gas turbines, of this America was the largest contributor for this growth.

Globally, there will be 60 GW worth of equipment orders every year from 2024 through 2026, up from an average annual capacity of 40 GW sold between 2021 and 2023, said Takao Tsukui, executive vice president of international sales at Mitsubishi Power

3. Siemens Energy

During Q3FY24 they witnessed their gas service business orders doubled as compared to last year. Company guided their gas service business to grow by 7% to 9% for FY25.

Overall assumptions per business area

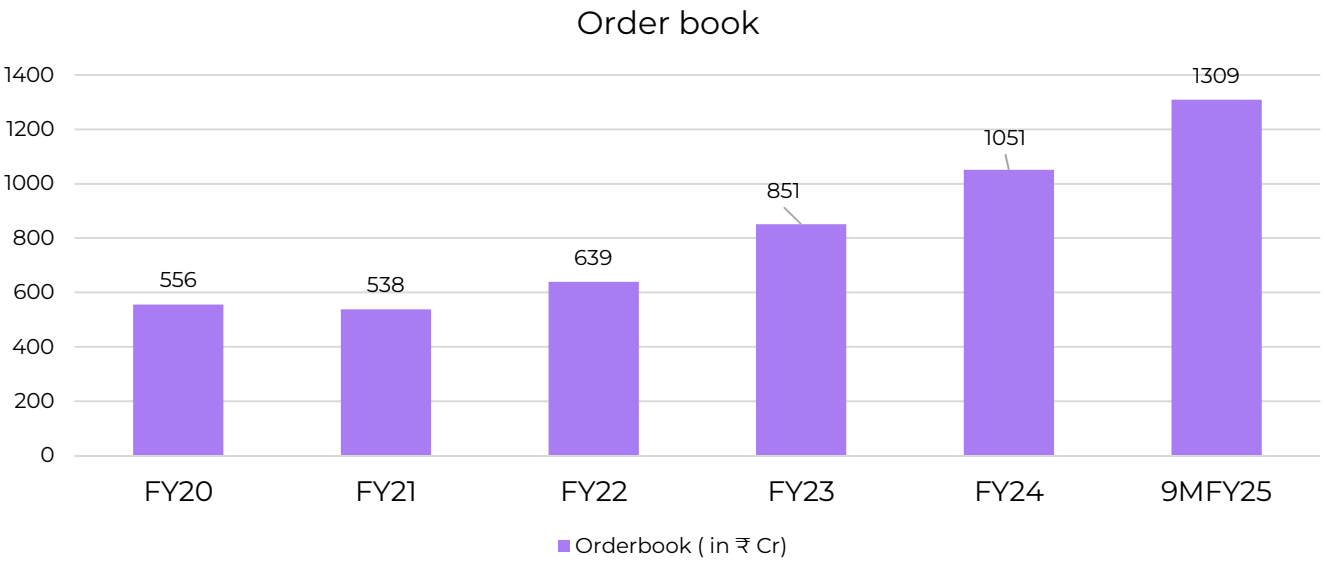
- Gas Services assumes a comparable revenue growth of 7 % to 9 % (actual figure FY 2024: 1.4 %) and a Profit margin before Special items of 10 % to 12 % (actual figure FY 2024: 9.5 %).

CAPEX

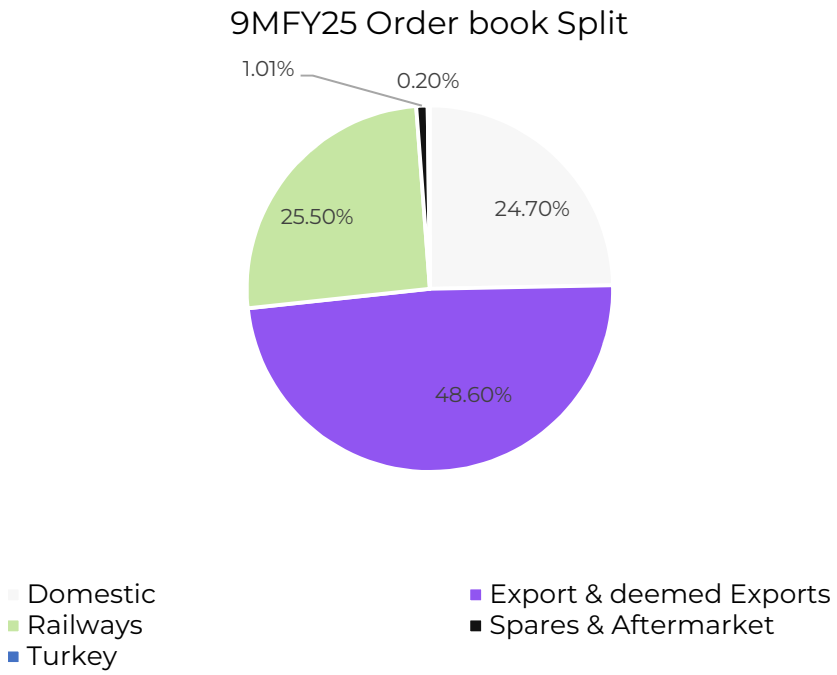
They will be spending ₹120 Cr to set up their third plant. This plant will add additional ₹300 to ₹400 Cr revenue potential at full utilization. Current capacity of their existing plants is ₹1300 Cr with the third plant being set up they can go up to ₹1700 to ₹1800 Cr revenue potential. This entire capacity can reach 100% utilization in 3 to 4 years.

ORDER BOOK

TDPS has constantly grown their order book over the years. Below graph shows their growing order book position



ORDER BOOK SPLIT



FINANCIALS(All figures in ₹ crore, unless mentioned otherwise)

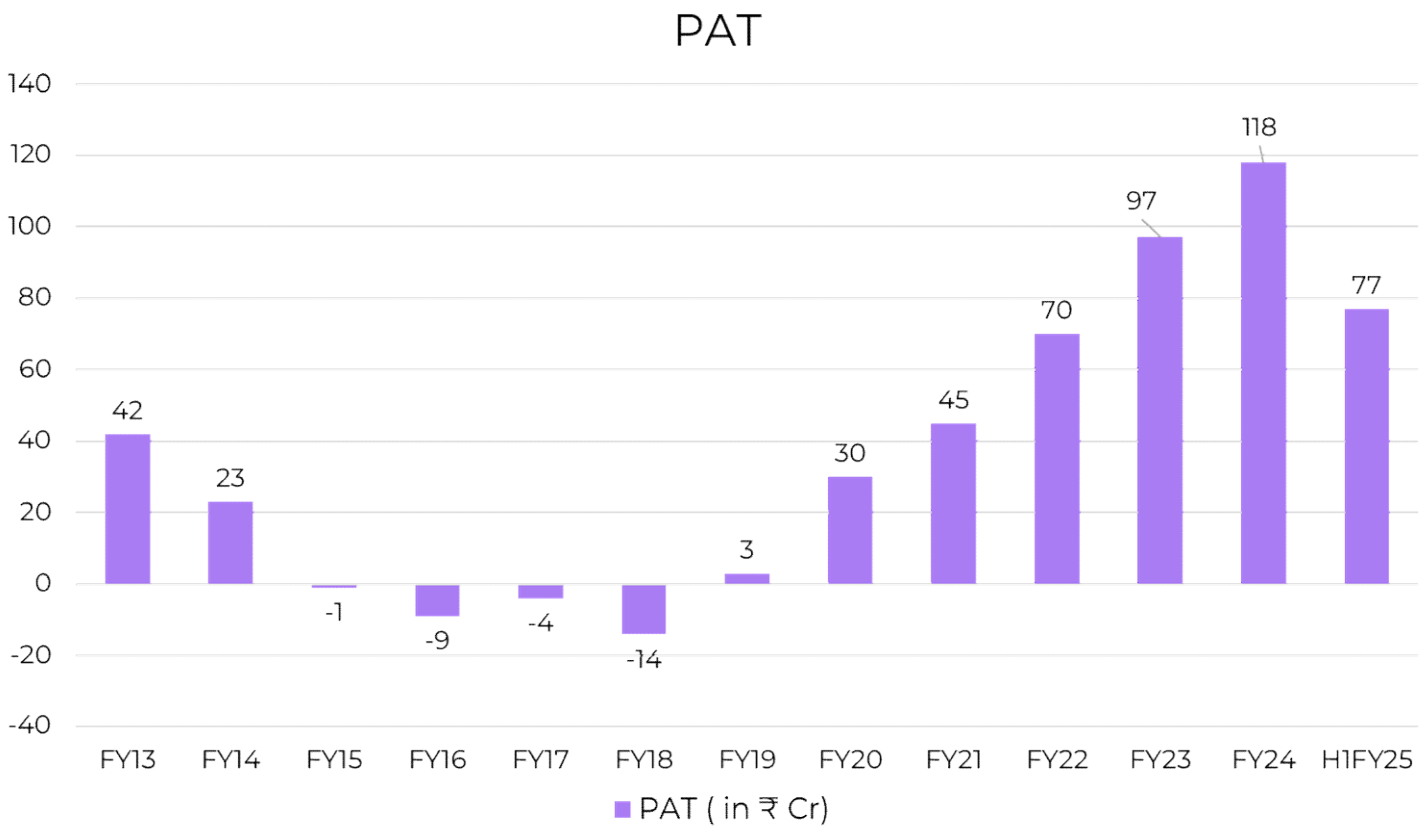
Profit & Loss Statement

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Sales	587	480	597	507	380	435	459	515	594	797	872	1,001
Sales Growth %	43.0%	18.2%	24.4%	-15.1%	25.0%	14.4%	5.55%	12.17%	15.2%	34.%	9.39%	14.%
Expenses	534	458	581	498	369	424	429	477	523	701	739	829
Operating Profit	53	23	16	9	11	10	30	38	71	97	134	171
OPM %	9%	5%	3%	2%	3%	2%	7%	7%	12%	12%	15%	17%
Other Income	31	34	24	20	20	16	9	27	16	24	21	16
Interest	7	6	6	7	6	9	6	10	9	7	4	4
Depreciation	12	15	29	29	28	27	26	22	22	22	21	21
Profit before tax	64	35	6	-7	-4	-10	7	33	56	92	130	162
Tax %	35%	36%	114%	33%	24%	51%	57%	9%	20%	23%	25%	27%
Net Profit +	42	23	-1	-9	-4	-14	3	30	45	70	97	118
EPS in Rs	2.51	1.37	-0.05	-0.55	-0.27	-0.87	0.20	1.94	2.92	4.53	6.20	7.58

Balance Sheet

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Equity Capital	33	33	33	33	33	33	31	31	31	31	31	31
Reserves	461	474	461	440	437	416	385	394	440	496	573	674
Borrowings	27	63	57	28	45	69	61	68	52	71	0	0
Other Liabilities	321	397	345	292	233	190	271	265	262	309	299	333
Total Liabilities	842	968	896	793	749	708	748	757	785	907	903	1,038
Fixed Assets	200	219	272	258	233	213	198	180	174	166	163	186
CWIP	16	54	0	1	1	1	1	1	1	1	0	1
Investments	0	0	0	0	0	0	10	20	20	20	20	10
Other Assets	626	695	624	534	515	495	539	557	590	720	720	842
Total Assets	842	968	896	793	749	708	748	757	785	907	903	1,038

FINANCIAL PERFORMANCE



Prior to 2019 the company had witnessed slow down in the capital goods market, apart from this they had been facing aggressive pricing from smaller European manufacturers for the hydro segment. This led them to post losses between 2016 to 2018. During 2016 they faced 17% lower order booking than 2015. This constant depression in the demand had led to intense competition which further had led to unrelenting pricing pressures leading them to face losses.

Later in 2019 the company recovered from this tough times and despite Covid they managed their business well. They managed their order by focusing more on the export markets for their order. Apart from this the company exited their EPC segment while reducing their project segment as well and focusing on manufacturing of their products. This along with focusing on cost reduction strategies enabled them to improve their margins.

Later in FY21 they faced fluctuations of raw material prices for which they went under negotiations with their customers and increased prices of their products for new contracts. This along with their better product mix and focus on export has enabled them to boost margins.

FUTURE OUTLOOK

They have revised their revenue guidance for FY25 from ₹1200 Cr to ₹1250 to ₹1275 Cr and going ahead they will continue to grow their revenue by 17% to 18%. Management has guided their EBITDA margins to grow 3% to 4% faster than their sales growth. FY26 revenue guidance is ₹1500 Cr.

Along with this they also plan to maintain their aftermarket segment at a 7-8% contribution to revenue, which will help in increasing their margins by 1-2 margin points. Motors business will be around ₹₹80 Cr in FY25 & ₹160 Cr in FY26. Market for motors will mainly be the export market.

Going ahead they expect export to be a key growth driver for them. They will maintain their export at 70% and domestic at 30%. Apart from this they are getting approvals from various OEMs which will further help them grow.

They have been witnessing ₹400 Cr order inflow each quarter and going ahead expect order inflow each quarter to be average of ₹400 Cr.

RISK

1) Long product life cycle: Their products have long life cycles due to which their products are not frequently changed in the existing projects. Due to this they are dependent on the end industries to set up new plants or new CAPEX taking place.

2) Capital goods industry: They work in a capital goods industry which in the past have faced slowdown and if this repeats there would be an impact on the growth and profitability of the company.

3) Concentration Risk: OEMs are their customers and their 77% revenue in FY24 came from top 10 OEMs putting them at high dependence on orders from these OEMs.

The following Disclaimers & Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (hereinafter referred to as the Regulations).

SNM VALUE EDUCATOR RESEARCH SERVICES LLP ("Research Analyst") is registered with SEBI as Research Analyst with Registration No. INH000019789. The research analyst got its SEBI registration on February 11, 2025 and is engaged in research and recommendation services. The focus of Research analyst is to provide research and recommendations services to the clients. Analyst aligns its interests with those of the client and seeks to provide the best suited services.

- Research analyst have no material adverse disciplinary history, No peas on the date of publication of this report.
- Research analyst has no associates.
- Research analyst or its associate or its employee have no financial interest in the securities recommended.
- Research analyst or its employees or its associates may have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report.
- Research analyst or its employee or its associates have no actual or potential conflicts of interest arising from any connection to or association with any issuer of products/securities, including any material information or facts that might compromise its objectivity or independence in the carrying on of recommendation services at the time of publication of the research report.
- Research analyst or its employee or its associates have not received any kind of remuneration or consideration, or compensation from the subject company or from anyone in connection with the research report in the past twelve months.
- The subject company was not a client of Research analyst or its associates during twelve months preceding the date of distribution of the research report and recommendation services provided.
- Research analyst or its employee or its associates has not served as an adviser, officer, director or employee of the subject company.
- Research analyst or its employee or its associates has not been engaged in market making activity for the subject company.
- Research analyst or its employee or its associates has not managed or co-managed the public offering of any company
- Research analyst or its employee or its associates has not received any compensation for investment banking or merchant banking or brokerage services from the subject company
- Research analyst or its employee or its associates has not received any compensation or other benefits from the Subject Company or 3rd party in connection.
- Registration granted by SEBI, enlistment with RAASB and certification from NISM in no way guarantee performance of the Research Analyst or provide any assurance of returns to investors

General Disclaimers: This Research Report (hereinafter called 'Report') is prepared and distributed for information purposes only. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice for the purpose of purchase or sale of any security, derivatives or any other security through the Company nor any solicitation or offering of any investment /trading opportunity on behalf of the issuer(s) of the respective security(ies) referred to herein. These information / opinions / views are not meant to serve as a professional investment guide for the readers.

No action is solicited based upon the information provided herein. Recipients of this Report should rely on information/data arising out of their own investigations. Readers are advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by the Research analyst to be reliable. Research analyst or its employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. While due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the employees, affiliates or representatives of the Research analyst shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way whatsoever from the information / opinions / views contained in this Report.

Risks: Investment in securities market are subject to market risks. Read all the related documents carefully before investing. There are no assurances or guarantees that the objectives of any of trading / investment in securities will be achieved. The trades/ investments referred to herein may not be suitable to all categories of traders/investors. The names of securities mentioned herein do not in any manner indicate their prospects or returns. The value of securities referred to herein may be adversely affected by the performance or otherwise of the respective issuer companies, changes in the market conditions, micro and macro factors and forces affecting capital markets like interest rate risk, credit risk, liquidity risk and reinvestment risk. Derivative products may also be affected by various risks including but not limited to counter party risk, market risk, valuation risk, liquidity risk and other risks. Besides the price of the underlying asset, volatility, tenor and interest rates may affect the pricing of derivatives.

Our subscribers, a third party or anyone else have no rights to forward or share our calls or SMS or Reports or any information provided by us to/with anyone (through any medium) which is received directly or indirectly by them. If found so then legal action can be taken. Please note, any evidence of distribution, unauthorised access, copying, forwarding of reports/calls will lead to automatic cancellation of subscription without any refunds.

You, and not Research analyst, assume the entire cost and risk of any trading you choose to undertake. You are solely responsible for making your own investment decisions. If you choose to engage in transactions with or without seeking advice from a licensed and qualified financial advisor or entity, then such decision and any consequences flowing therefrom are your sole responsibility. Research analyst or any employees are in no way liable for the use of the information by others in investing or trading in investment vehicles.

Research analyst and/or his employees take no responsibility for the veracity, validity and the correctness of the expert recommendations or other information or research. Although we attempt to research thoroughly on information provided herein, there are no guarantees in consistency. The information presented in this report has been gathered from various sources believed to be providing correct information. Research analyst and/or employees are not responsible for errors, inaccuracies if any in the content provided in this report

For a comprehensive understanding of the disclosure, we recommend a thorough review of the disclosure document available on our website: www.valueeducator.com

SNM VALUE EDUCATOR RESEARCH SERVICES LLP
Trade Name: VALUE EDUCATOR
Registration No.: INH000019789
Registered office Address: Flat 403, wing A 5, Ritu Enclave A5, Anand Nagar, Ritu Enclave CHSL, G.B. Road, Sandozbaugh, Thane, Maharashtra, 400607
Contact No: 8779064899
Email ID: value.educator@gmail.com
Compliance Officer: Shashank Mahajan
Contact No: 8779064899
Email Id: value.educator@gmail.com
Principal Officer: Shashank Mahajan
Contact No: 8779064899
Email ID: value.educator@gmail.com

Standard warning
"Investment in securities market are subject to market risks. Read all the related documents carefully before investing."
Disclaimers
"Registration granted by SEBI, enlistment with RAASB and certification from NISM in no way guarantee performance of the Research Analyst or provide any assurance of returns to investors."

Shashank Nagesh Mahajan
Digitally signed by Shashank Nagesh Mahajan
Date: 2025.03.13 11:07:12 +05'30'