

May 16, 2022

Q4FY22 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current		Previous	
	FY23E	FY24E	FY23E	FY24E
Rating	BUY		BUY	
Target Price	240		244	
Sales (Rs. m)	10,883	13,692	11,159	13,997
% Chng.	(2.5)	(2.2)		
EBITDA (Rs. m)	2,144	2,831	2,299	2,932
% Chng.	(6.8)	(3.5)		
EPS (Rs.)	5.2	6.8	5.5	7.0
% Chng.	(5.9)	(1.9)		

Key Financials - Consolidated

Y/e Mar	FY21	FY22	FY23E	FY24E
Sales (Rs. m)	7,026	8,522	10,883	13,692
EBITDA (Rs. m)	1,476	1,627	2,144	2,831
Margin (%)	21.0	19.1	19.7	20.7
PAT (Rs. m)	1,168	1,228	1,673	2,212
EPS (Rs.)	3.6	3.8	5.2	6.8
Gr. (%)	(4.1)	5.1	36.3	32.2
DPS (Rs.)	1.2	2.6	1.4	2.4
Yield (%)	0.7	1.5	0.8	1.4
RoE (%)	20.0	16.4	18.3	21.1
RoCE (%)	21.8	19.1	21.0	24.8
EV/Sales (x)	7.5	5.7	4.4	3.5
EV/EBITDA (x)	35.5	29.9	22.4	16.8
PE (x)	48.1	45.8	33.6	25.4
P/BV (x)	8.8	6.6	5.8	5.0

Key Data

TRVT.BO | TRIV IN

52-W High / Low	Rs.232 / Rs.96
Sensex / Nifty	52,974 / 15,842
Market Cap	Rs.56bn/ \$ 722m
Shares Outstanding	323m
3M Avg. Daily Value	Rs.99.28m

Shareholding Pattern (%)

Promoter's	67.78
Foreign	12.38
Domestic Institution	15.23
Public & Others	4.61
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(15.7)	(9.2)	80.4
Relative	(7.1)	3.4	66.0

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Higher enquiry generation provides order inflow visibility

Quick Pointers:

- FY22 order inflow came in at Rs11.8bn (up 84% YoY), driven by order win in exports market (up 121.7% YoY).
- FY22 domestic and exports enquiry generation grew by 57% and 25%.

Triveni Turbine (TRIV) reported a healthy quarterly performance, with revenue growth of ~33% YoY and order inflow growing ~71% YoY, driven by strong growth in domestic market. EBITDA margins in FY22 came in at 19.1% (vs 21% in FY21), mainly due to lower contribution from exports segment and higher commodity price. However, with exports revenue picking up (led by strong exports OB; 45% of total OB vs 30% in FY21), margins are expected to expand going forward. Enquiry generation grew 36% in FY22, (domestic up 57%, exports up 25%) thereby providing strong order inflow visibility for FY23 and revenue going forward. Domestic enquiry is driven by sectors such as process co-generation, food Processing, Distillery, Pulp & Paper, Chemicals etc., while exports is driven by process industries and O&G. During the quarter company acquired 70% stake in TSE Engineering Ltd, which is likely to strengthen its aftermarket business in South African Development Community (SADC) region.

Given robust enquiry pipeline, robust OB, improving operational efficiency, incremental opportunity in 30-100MW market and improving margins due to increasing export share, we expect revenue/PAT CAGR of 27%/34% for FY22-FY24E. The stock is trading at PE of 33.6x/25.4x FY23/24E. We maintain 'Buy' rating on stock with revised TP of Rs240 (Rs 244 earlier).

Lower exports revenue contribution impacted margins: Consol sales grew 33% YoY to Rs2.4bn (PLe ~Rs2.5bn), led by strong growth in domestic markets (up76% YoY). Gross margin declined to 44.5% vs 45.4% in Q4FY21. EBITDA grew 70% YoY to Rs419mn (PLe ~Rs486mn) with EBITDA margins expanding 388bps YoY to 17.7%, mainly due to lower other expenses as % of sales (14.6% of sales vs 18.8% in Q4FY21). PBT came in at Rs441mn (up 87% YoY) on back of higher other income (up 83% YoY). PAT grew 41.8% YoY to Rs330mn (PLe of ~Rs367mn). Effective tax rate during the quarter stood at 25% vs 19% in Q4FY21.

Exports drives FY22 order inflow: Order inflow in Q4FY22 came in at Rs2.8bn (up 70.6% YoY), mainly driven by order win in domestic markets. While FY22 order inflow growth was driven by exports market (up 122% YoY) and came in at Rs11.8bn (up 84% YoY). Order book stands strong at Rs9.7bn (1.1x FY22 revenue), providing revenue visibility for coming quarters (domestic 55% and exports 45%). Enquiry generation in FY22 grew 36% compared to FY21, providing order inflow visibility.

Exhibit 1: Strong execution in Q4FY22 (Rs mn)

Y/e March	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	YoY gr. (%)	QoQ gr. (%)	FY22	FY21	YoY gr. (%)
Revenue	1,785	1,841	2,065	2,252	2,366	32.5	5.1	8,522	7,026	21.3
Total Revenues	1,785	1,841	2,065	2,252	2,366	32.5	5.1	8,522	7,026	21.3
Expenditure	1,538	1,483	1,665	1,801	1,947	26.5	8.1	6,896	5,550	24.3
<i>as % of sales</i>	<i>86.2</i>	<i>80.6</i>	<i>80.7</i>	<i>80.0</i>	<i>82.3</i>			<i>80.9</i>	<i>79.0</i>	
Consumption of RM	975	999	1,148	1,244	1,312	34.6	5.5	4,703	3,562	32.0
<i>as % of sales</i>	<i>54.6</i>	<i>54.3</i>	<i>55.6</i>	<i>55.3</i>	<i>55.5</i>			<i>55.2</i>	<i>50.7</i>	
Employee Cost	227	235	247	257	290	27.5	12.7	1,029	870	18.4
<i>as % of sales</i>	<i>12.7</i>	<i>12.8</i>	<i>12.0</i>	<i>11.4</i>	<i>12.3</i>			<i>12.1</i>	<i>12.4</i>	
Other expenditure	336	249	271	300	345	2.6	15.0	1,164	1,118	4.1
<i>as % of sales</i>	<i>18.8</i>	<i>13.5</i>	<i>13.1</i>	<i>13.3</i>	<i>14.6</i>			<i>13.7</i>	<i>15.9</i>	
EBITDA	247	358	399	451	419	69.6	(6.9)	1,627	1,476	10.2
Depreciation	50	50	51	51	51	3.0	(0.2)	203	202	0.3
EBIT	197	308	349	399	368	86.4	(7.8)	1,424	1,274	11.8
Other Income	42	56	78	84	78	82.8	(7.4)	295	191	54.4
Interest	4	2	1	2	5	38.9	194.1	10	11	(10.5)
Extra ordinary items	-	-	1,982	-	-	-	-	1,982	(185)	-
PBT	236	361	2,407	481	441	86.5	(8.5)	3,690	1,268	190.9
Total Tax	45	88	624	125	110	145.7	(11.4)	946	296	219.2
PAT	191	274	1,784	357	330	72.6	(7.4)	2,744	972	182.3
(Profit)/loss from JV's/Ass/MI	42	4	(46)	-	-	-	-	-	53	-
PAT after MI	233	278	1,738	357	330	41.8	(7.4)	2,744	1,025	167.9
Adj PAT	233	278	279	357	330	41.8	(7.4)	1,228	1,168	5.6
Adjusted EPS	0.7	0.9	0.9	1.1	1.0	41.8	(7.4)	3.8	3.6	5.6
Margins (%)	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	bps	bps	FY22	FY21	bps
EBIDTA	13.8	19.4	19.3	20.0	17.7	388	(229)	19.1	21.0	(192)
EBIT	11.1	16.7	16.9	17.7	15.6	450	(217)	16.7	18.1	(143)
EBT	13.2	19.6	116.6	21.4	18.6	539	(275)	43.3	18.1	2,525
PAT	13.0	15.1	13.5	15.8	14.0	92	(188)	14.9	17.2	(231)
Effective Tax rate	19.0	24.3	25.9	25.9	25.0	603	(83)	25.6	23.4	227

Source: Company, PL

Conference Call Highlights

- Domestic enquiry generation increased 57% in FY22, driven by key sectors such as process co-generation, Food Processing, Distillery, Pulp & Paper, Chemicals etc. followed by Cement, Sugar and Oil & Gas segment.
- International enquiry generation has increased 25% in FY22, mainly from geographies like South East Asia, Europe and Turkey from segment such as IPP, process industries and O&G.
- Company is adding capability in human resources, manufacturing capability and technological upgradation.
- EBITDA margin was impacted due to higher commodity cost and higher revenue contribution from domestic markets. With exports revenue picking up margins are expected to improve going forward.
- Order inflow: Order inflow grew 84% YoY to Rs11.8bn, mainly driven by exports order (up 122%).
- Company has bagged one domestic and one international order in FY22 in 30-100MW segment. While FY23 is expected to be better in inflow for 30-100MW given the enquiry pipeline.
- Order book: OB stands at Rs9.7bn, of which domestic accounts for Rs5.4bn and exports Rs4.3bn.
- The domestic market under 30 MW is estimated to have increased by 71% YoY while the international market is estimated to have decreased by 24% YoY, in MW terms.
- Company acquired 70% stake in TSE Engineering Ltd. with an aim to strengthen its aftermarket business in South African Development Community (SADC) region.
- Company has negligible exposure in Ukraine. Europe is witnessing traction from renewable energy.
- Given strong enquiry generation ordering activity, order inflow in FY23 is expected to be strong.
- Company plan to increase subcontracting by ~25%, going forward.
- Company is incurring capex worth Rs350mn towards capacity expansion

Financials

Income Statement (Rs m)

Y/e Mar	FY21	FY22	FY23E	FY24E
Net Revenues	7,026	8,522	10,883	13,692
YoY gr. (%)	(14.1)	21.3	27.7	25.8
Cost of Goods Sold	3,562	4,703	6,037	7,541
Gross Profit	3,464	3,820	4,846	6,151
Margin (%)	49.3	44.8	44.5	44.9
Employee Cost	870	1,029	1,239	1,520
Other Expenses	750	780	1,012	1,246
EBITDA	1,476	1,627	2,144	2,831
YoY gr. (%)	(5.2)	10.2	31.8	32.1
Margin (%)	21.0	19.1	19.7	20.7
Depreciation and Amortization	202	203	219	233
EBIT	1,274	1,424	1,924	2,598
Margin (%)	18.1	16.7	17.7	19.0
Net Interest	11	10	9	11
Other Income	191	295	316	363
Profit Before Tax	1,268	3,690	2,231	2,950
Margin (%)	18.1	43.3	20.5	21.5
Total Tax	296	946	558	737
Effective tax rate (%)	23.4	25.6	25.0	25.0
Profit after tax	972	2,744	1,673	2,212
Minority interest	-	0	-	-
Share Profit from Associate	53	(42)	-	-
Adjusted PAT	1,168	1,228	1,673	2,212
YoY gr. (%)	(4.1)	5.1	36.3	32.2
Margin (%)	16.6	14.4	15.4	16.2
Extra Ord. Income / (Exp)	(144)	1,474	-	-
Reported PAT	1,025	2,702	1,673	2,212
YoY gr. (%)	(15.9)	163.7	(38.1)	32.2
Margin (%)	14.6	31.7	15.4	16.2
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,025	2,702	1,673	2,212
Equity Shares O/s (m)	323	323	323	323
EPS (Rs)	3.6	3.8	5.2	6.8

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY21	FY22	FY23E	FY24E
Non-Current Assets				
Gross Block	3,342	3,484	3,684	3,884
Tangibles	3,342	3,484	3,684	3,884
Intangibles	-	-	-	-
Acc: Dep / Amortization	903	1,106	1,325	1,558
Tangibles	903	1,106	1,325	1,558
Intangibles	-	-	-	-
Net fixed assets	2,440	2,378	2,359	2,326
Tangibles	2,440	2,378	2,359	2,326
Intangibles	-	-	-	-
Capital Work In Progress	49	123	123	123
Goodwill	-	-	-	-
Non-Current Investments	291	89	22	27
Net Deferred tax assets	(51)	(35)	(35)	(35)
Other Non-Current Assets	42	103	54	68
Current Assets				
Investments	2,679	4,775	5,225	5,425
Inventories	1,596	1,617	1,670	1,876
Trade receivables	771	1,015	1,312	1,688
Cash & Bank Balance	1,164	2,731	3,021	3,349
Other Current Assets	307	433	441	534
Total Assets	9,418	13,348	14,331	15,534
Equity				
Equity Share Capital	323	323	323	323
Other Equity	6,052	8,242	9,447	10,885
Total Networkth	6,376	8,566	9,771	11,209
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	2	2	2
Trade payables	745	1,091	1,103	1,125
Other current liabilities	2,247	3,648	3,413	3,156
Total Equity & Liabilities	9,418	13,348	14,331	15,534

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY21	FY22	FY23E	FY24E
PBT	1,321	3,648	2,231	2,950
Add. Depreciation	202	203	219	233
Add. Interest	11	10	9	11
Less Financial Other Income	191	295	316	363
Add. Other	(134)	(195)	-	-
Op. profit before WC changes	1,400	3,666	2,459	3,194
Net Changes-WC	796	1,570	(484)	(943)
Direct tax	323	902	558	737
Net cash from Op. activities	1,873	4,334	1,417	1,513
Capital expenditures	(132)	(148)	(200)	(200)
Interest / Dividend Income	13	43	-	-
Others	(2,026)	(3,757)	(450)	(200)
Net Cash from Inv. activities	(2,144)	(3,862)	(650)	(400)
Issue of share cap. / premium	-	-	-	-
Debt changes	(2)	(25)	-	-
Dividend paid	0	(711)	(469)	(774)
Interest paid	(11)	(10)	(9)	(11)
Others	(5)	-	-	-
Net cash from Fin. activities	(18)	(746)	(477)	(785)
Net change in cash	(290)	(274)	290	328
Free Cash Flow	1,738	4,178	1,217	1,313

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY21	FY22	FY23E	FY24E
Per Share(Rs)				
EPS	3.6	3.8	5.2	6.8
CEPS	4.2	4.4	5.9	7.6
BVPS	19.7	26.5	30.2	34.7
FCF	5.4	12.9	3.8	4.1
DPS	1.2	2.6	1.4	2.4
Return Ratio(%)				
RoCE	21.8	19.1	21.0	24.8
ROIC	48.8	(3,050.8)	156.3	113.5
RoE	20.0	16.4	18.3	21.1
Balance Sheet				
Net Debt : Equity (x)	(0.6)	(0.9)	(0.8)	(0.8)
Net Working Capital (Days)	84	66	63	65
Valuation(x)				
PER	48.1	45.8	33.6	25.4
P/B	8.8	6.6	5.8	5.0
P/CEPS	41.0	39.3	29.7	23.0
EV/EBITDA	35.5	29.9	22.4	16.8
EV/Sales	7.5	5.7	4.4	3.5
Dividend Yield (%)	0.7	1.5	0.8	1.4

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY22	Q2FY22	Q3FY22	Q4FY22
Net Revenue	1,841	2,065	2,252	2,366
YoY gr. (%)	11.4	11.4	29.7	32.5
Raw Material Expenses	999	1,148	1,244	1,312
Gross Profit	841	917	1,008	1,054
Margin (%)	45.7	44.4	44.7	44.5
EBITDA	358	399	451	419
YoY gr. (%)	(7.5)	(19.5)	29.9	69.6
Margin (%)	19.4	19.3	20.0	17.7
Depreciation / Depletion	50	51	51	51
EBIT	308	349	399	368
Margin (%)	16.7	16.9	17.7	15.6
Net Interest	2	1	2	5
Other Income	56	78	84	78
Profit before Tax	361	2,407	481	441
Margin (%)	19.6	116.6	21.4	18.6
Total Tax	88	624	125	110
Effective tax rate (%)	24.3	25.9	25.9	25.0
Profit after Tax	274	1,784	357	330
Minority interest	-	-	-	-
Share Profit from Associates	4	(46)	-	-
Adjusted PAT	278	279	357	330
YoY gr. (%)	1.8	(27.8)	29.5	41.8
Margin (%)	15.1	13.5	15.8	14.0
Extra Ord. Income / (Exp)	-	1,459	-	-
Reported PAT	278	1,738	357	330
YoY gr. (%)	1.8	612.4	29.5	41.8
Margin (%)	15.1	84.2	15.8	14.0
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	278	1,738	357	330
Avg. Shares O/s (m)	323	323	323	323
EPS (Rs)	0.9	0.9	1.1	1.0

Source: Company Data, PL Research

Price Chart
Recommendation History


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Apr-22	BUY	244	202
2	03-Feb-22	BUY	243	206
3	11-Jan-22	UR	-	181
4	05-Oct-21	UR	-	178
5	16-Aug-21	BUY	156	130
6	06-Jul-21	BUY	156	125
7	29-Jun-21	BUY	156	123

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ABB India	Hold	2,293	2,221
2	Apar Industries	BUY	830	666
3	Bharat Electronics	BUY	258	234
4	BHEL	Sell	34	57
5	Cummins India	Accumulate	1,032	1,113
6	Engineers India	BUY	89	69
7	GE T&D India	Hold	102	105
8	Kalpataru Power Transmission	BUY	421	342
9	KEC International	Accumulate	451	367
10	Larsen & Toubro	BUY	2,091	1,526
11	Siemens	Accumulate	2,602	2,301
12	Thermax	Accumulate	2,158	1,970
13	Triveni Turbine	BUY	244	202
14	Voltamp Transformers	Accumulate	2,215	2,075

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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