

January 24, 2023

## Q3FY23 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

### Change in Estimates

	Current		Previous	
	FY24E	FY25E	FY24E	FY25E
<b>Rating</b>	<b>BUY</b>		<b>BUY</b>	
<b>Target Price</b>	<b>340</b>		<b>328</b>	
Sales (Rs. m)	15,293	18,402	15,010	17,977
% Chng.	1.9	2.4		
EBITDA (Rs. m)	3,219	3,966	3,133	3,825
% Chng.	2.7	3.7		
EPS (Rs.)	7.9	9.7	7.6	9.4
% Chng.	4.1	3.8		

### Key Financials - Consolidated

Y/e Mar	FY22	FY23E	FY24E	FY25E
Sales (Rs. m)	8,522	12,234	15,293	18,402
EBITDA (Rs. m)	1,627	2,392	3,219	3,966
Margin (%)	19.1	19.6	21.1	21.6
PAT (Rs. m)	1,228	1,927	2,565	3,142
EPS (Rs.)	3.8	6.0	7.9	9.7
Gr. (%)	5.3	56.9	33.1	22.5
DPS (Rs.)	2.6	2.1	2.8	3.4
Yield (%)	0.9	0.8	1.0	1.2
RoE (%)	16.4	21.0	24.1	25.1
RoCE (%)	19.1	23.8	28.0	29.7
EV/Sales (x)	9.6	6.6	5.2	4.3
EV/EBITDA (x)	50.2	33.8	24.9	20.0
PE (x)	72.6	46.3	34.8	28.4
P/BV (x)	10.4	9.1	7.8	6.6

### Key Data

TRVT.BO | TRIV IN

52-W High / Low	Rs.309 / Rs.146
Sensex / Nifty	60,979 / 18,118
Market Cap	Rs.89bn / \$ 1,091m
Shares Outstanding	323m
3M Avg. Daily Value	Rs.222.06m

### Shareholding Pattern (%)

Promoter's	55.94
Foreign	22.01
Domestic Institution	16.37
Public & Others	5.68
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	9.6	60.7	47.8
Relative	7.6	47.8	39.3

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## Strong performance led by exports & aftermarket

### Quick Pointers:

- Order inflow grew 31% YoY to Rs4.2bn, led by aftermarket (up 130% YoY).
- Enquiry pipeline grew 31% YoY driven by higher enquiries in exports market such as Southeast Asia, Europe, West Asia and North America etc.

**We revise our EPS estimates by 9.7%/4.1%/3.8% for FY23/24/25, given robust enquiry pipeline, healthy order book, focus on aftermarkets segment and increasing opportunities from Europe due to energy transitions. In Q3, TRIV reported strong revenue growth of 44.7% YoY driven by 118% growth in aftermarket sales (on a low base). Despite gross margin improvement (up 384bps YoY), EBITDA margins were impacted (down 64bps YoY) due to subcontracting charges related to refurbishment order in South Africa. However, margins are expected to sustain within 19-21% range in medium term driven by better product mix (led by exports and aftermarket) and operating leverage.**

**We believe TRIV is favorably placed to capitalize on growth given 1) its leadership position in domestic 0-30MW turbine market, 2) traction in 30-100 MW and API turbines, and 3) robust aftermarket strategy encompassing spares, service & multi-brand refurbishments. Maintain 'BUY' rating at TP of Rs340 (Rs328 earlier), valuing it at PE of 35x FY25E.**

**Exports drive overall revenue growth of 44.7% YoY:** Consolidated sales came in better than estimates at Rs3.3bn up 44.7% YoY (PL estimate of ~Rs3bn), owing to strong growth in exports, up 123% YoY to Rs1.4bn, driven by strong growth in aftermarket segment. Domestic segment grew 14.4% YoY to Rs1.9bn. Aftermarket accounted for ~39% of revenue during the quarter, due to large service orders booked in last 2-3 quarters vs 26% in Q3FY22. Despite EBITDA growth of 40.1% YoY to Rs631mn (PL estimate ~Rs606mn), EBITDA margins declined 64bps YoY to 19.4% in Q3FY23, partially impacted due to higher other expenses (up 106.4% YoY). Other expenses were higher, as it included subcontracting charges (Rs252mn) towards execution of large utility turbines in SADC order. PAT grew 47.5% YoY to Rs526mn (PL estimate of ~Rs472mn).

**Strong order inflows of 31% YoY, driven by higher growth in aftermarket:** Order inflows grew 31% YoY to Rs4.2bn, owing to strong growth in aftermarket segment (up 130% YoY). Domestic market up 181.3% YoY (low base) to Rs2.3bn, while exports declined 20.6% YoY (high base) to Rs1.9bn. Order book grew 33.3% YoY to Rs12.3bn, comprising of domestic (56%) and exports (44%). Ordering activity is expected to continue with its growth momentum given healthy enquiry pipeline, which grew 31% YoY led by exports market (up 55% YoY) from Southeast Asia, Europe, West Asia, North America.

**Exhibit 1: Revenue growth of 44.7% YoY drives profitability**

Y/e March (Rs mn)	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	YoY gr. (%)	QoQ gr. (%)	9MFY23	9MFY22	YoY gr. (%)
<b>Revenue</b>	<b>2,252</b>	<b>2,366</b>	<b>2,590</b>	<b>2,930</b>	<b>3,258</b>	<b>44.7</b>	<b>11.2</b>	<b>8,778</b>	<b>6,157</b>	<b>42.6</b>
<b>Total Revenues</b>	<b>2,252</b>	<b>2,366</b>	<b>2,590</b>	<b>2,930</b>	<b>3,258</b>	<b>44.7</b>	<b>11.2</b>	<b>8,778</b>	<b>6,157</b>	<b>42.6</b>
<b>Expenditure</b>	<b>1,801</b>	<b>1,947</b>	<b>2,104</b>	<b>2,373</b>	<b>2,627</b>	<b>45.9</b>	<b>10.7</b>	<b>7,104</b>	<b>4,949</b>	<b>43.5</b>
<i>as % of sales</i>	<i>80.0</i>	<i>82.3</i>	<i>81.2</i>	<i>81.0</i>	<i>80.6</i>			<i>80.9</i>	<i>80.4</i>	
Consumption of RM	1,244	1,312	1,475	1,562	1,675	34.6	7.2	4,711	3,391	38.9
<i>as % of sales</i>	<i>55.3</i>	<i>55.5</i>	<i>56.9</i>	<i>53.3</i>	<i>51.4</i>			<i>53.7</i>	<i>55.1</i>	
Employee Cost	257	290	291	308	333	29.6	8.4	932	739	26.0
<i>as % of sales</i>	<i>11.4</i>	<i>12.3</i>	<i>11.2</i>	<i>10.5</i>	<i>10.2</i>			<i>10.6</i>	<i>12.0</i>	
Other expenditure	300	345	338	504	619	106.4	22.8	1,461	819	78.3
<i>as % of sales</i>	<i>13.3</i>	<i>14.6</i>	<i>13.0</i>	<i>17.2</i>	<i>19.0</i>			<i>16.6</i>	<i>13.3</i>	
<b>EBITDA</b>	<b>451</b>	<b>419</b>	<b>487</b>	<b>557</b>	<b>631</b>	<b>40.1</b>	<b>13.4</b>	<b>1,674</b>	<b>1,207</b>	<b>38.7</b>
Depreciation	51	51	51	49	49	(4.3)	0.8	149	152	(1.6)
<b>EBIT</b>	<b>399</b>	<b>368</b>	<b>435</b>	<b>508</b>	<b>582</b>	<b>45.8</b>	<b>14.6</b>	<b>1,525</b>	<b>1,056</b>	<b>44.5</b>
Other Income	84	78	75	108	119	42.4	10.7	301	217	38.6
Interest	2	5	2	2	1	(58.8)	(61.1)	5	5	(5.8)
Extra ordinary items	-	-	-	-	-	-	-	-	1,982	-
<b>PBT</b>	<b>481</b>	<b>441</b>	<b>508</b>	<b>614</b>	<b>700</b>	<b>45.6</b>	<b>14.1</b>	<b>1,822</b>	<b>3,250</b>	<b>(43.9)</b>
Total Tax	125	110	124	151	174	40.1	15.8	449	836	(46.2)
<b>PAT</b>	<b>357</b>	<b>330</b>	<b>383</b>	<b>463</b>	<b>526</b>	<b>47.5</b>	<b>13.6</b>	<b>1,373</b>	<b>2,414</b>	<b>(43.1)</b>
(Profit)/loss from JV's/Ass/MI	-	-	-	-	-	-	-	-	(42)	-
<b>PAT after JV/MI</b>	<b>357</b>	<b>330</b>	<b>383</b>	<b>463</b>	<b>526</b>	<b>47.5</b>	<b>13.6</b>	<b>1,373</b>	<b>2,372</b>	<b>(42.1)</b>
<b>Adj PAT</b>	<b>357</b>	<b>330</b>	<b>383</b>	<b>463</b>	<b>526</b>	<b>47.5</b>	<b>13.6</b>	<b>1,373</b>	<b>913</b>	<b>50.3</b>
<b>Adjusted EPS</b>	<b>1.1</b>	<b>1.0</b>	<b>1.2</b>	<b>1.4</b>	<b>1.6</b>	<b>47.5</b>	<b>13.6</b>	<b>4.2</b>	<b>2.8</b>	<b>50.3</b>
<b>Margins (%)</b>	<b>Q3FY22</b>	<b>Q4FY22</b>	<b>Q1FY23</b>	<b>Q2FY23</b>	<b>Q3FY23</b>	<b>bps</b>	<b>bps</b>	<b>9MFY23</b>	<b>9MFY22</b>	<b>bps</b>
EBIDTA	20.0	17.7	18.8	19.0	19.4	(64)	37	19.1	19.6	(54)
EBIT	17.7	15.6	16.8	17.3	17.9	13	53	17.4	17.1	23
EBT	21.4	18.6	19.6	21.0	21.5	13	55	20.8	52.8	(3,203)
PAT	15.8	14.0	14.8	15.8	16.1	30	34	15.6	14.8	80
Effective Tax rate	25.9	25.0	24.5	24.5	24.9	(97)	36	24.7	25.7	(105)

Source: Company, PL

## Conference Call Highlights:

- **Product enquiry pipeline grew 31% YoY**, driven by 55% growth in exports markets of Southeast Asia, Europe, West Asia, North America.
  - International enquiry was driven by renewables and IPP segment.
  - Domestic enquiry pipeline declined 5% YoY, mainly due to slowdown in Metal industries. However, management expects it to grow going forward.
- **Overall domestic market traction continues** from distillery, pharmaceuticals, chemicals industries, F&B etc.
- **Aftermarket witnessing good growth in sub-segments** of spares along with demand for efficiency improvement in refurbishment backed by strong enquiry pipelines.
  - Revenue growth was mainly driven by growth in refurbishment segment, in lower value added services and higher value added services such as efficiency upgradation.
  - **The segment accounted for ~39% of revenue** during the quarter due to large service orders booked in last 2-3 quarters. However, with robust growth in product segment, revenue contribution is expected to be ~30%.
- **API turbine enquiry pipeline remains strong** from exports market. Some enquiries are in advance stage of discussion.
- **Capacity to reach 250-300 turbine/year**, due to expansion at Sonpura plant.
- **Focus on three product sub-segments to drive growth momentum:** The company will continue to cross new milestones in its three identified sub-segments such as 1) leadership segment in less than 30 MW, 2) newer focus segment of 30.1-100 MW & drive turbines and 3) a robust aftermarket strategy encompassing spares, service and multi-brand refurbishment.

**Management guided ~20% revenue growth in next 2-3 years** with PBT of ~20-21%, given robust order book and enquiry pipeline.

## Financials

### Income Statement (Rs m)

Y/e Mar	FY22	FY23E	FY24E	FY25E
<b>Net Revenues</b>	<b>8,522</b>	<b>12,234</b>	<b>15,293</b>	<b>18,402</b>
YoY gr. (%)	21.3	43.5	25.0	20.3
Cost of Goods Sold	4,703	6,533	8,105	9,643
Gross Profit	3,820	5,701	7,188	8,759
Margin (%)	44.8	46.6	47.0	47.6
Employee Cost	1,029	1,285	1,621	1,969
Other Expenses	830	1,517	1,728	2,079
<b>EBITDA</b>	<b>1,627</b>	<b>2,392</b>	<b>3,219</b>	<b>3,966</b>
YoY gr. (%)	10.2	47.0	34.6	23.2
Margin (%)	19.1	19.6	21.1	21.6
Depreciation and Amortization	203	204	234	252
<b>EBIT</b>	<b>1,424</b>	<b>2,187</b>	<b>2,985</b>	<b>3,713</b>
Margin (%)	16.7	17.9	19.5	20.2
Net Interest	10	10	9	11
Other Income	295	391	443	488
<b>Profit Before Tax</b>	<b>3,690</b>	<b>2,569</b>	<b>3,419</b>	<b>4,190</b>
Margin (%)	43.3	21.0	22.4	22.8
Total Tax	946	642	855	1,047
Effective tax rate (%)	25.6	25.0	25.0	25.0
<b>Profit after tax</b>	<b>2,744</b>	<b>1,927</b>	<b>2,565</b>	<b>3,142</b>
Minority interest	0	-	-	-
Share Profit from Associate	(42)	-	-	-
<b>Adjusted PAT</b>	<b>1,228</b>	<b>1,927</b>	<b>2,565</b>	<b>3,142</b>
YoY gr. (%)	5.3	56.9	33.1	22.5
Margin (%)	14.4	15.7	16.8	17.1
Extra Ord. Income / (Exp)	1,474	-	-	-
<b>Reported PAT</b>	<b>2,702</b>	<b>1,927</b>	<b>2,565</b>	<b>3,142</b>
YoY gr. (%)	163.7	(28.7)	33.1	22.5
Margin (%)	31.7	15.7	16.8	17.1
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	2,702	1,927	2,565	3,142
<b>Equity Shares O/s (m)</b>	<b>323</b>	<b>323</b>	<b>323</b>	<b>323</b>
<b>EPS (Rs)</b>	<b>3.8</b>	<b>6.0</b>	<b>7.9</b>	<b>9.7</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY22	FY23E	FY24E	FY25E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>3,449</b>	<b>3,649</b>	<b>3,849</b>	<b>4,149</b>
Tangibles	3,449	3,649	3,849	4,149
Intangibles	-	-	-	-
<b>Acc: Dep / Amortization</b>	<b>1,071</b>	<b>1,275</b>	<b>1,509</b>	<b>1,762</b>
Tangibles	1,071	1,275	1,509	1,762
Intangibles	-	-	-	-
<b>Net fixed assets</b>	<b>2,378</b>	<b>2,374</b>	<b>2,340</b>	<b>2,388</b>
Tangibles	2,378	2,374	2,340	2,388
Intangibles	-	-	-	-
Capital Work In Progress	123	123	123	123
Goodwill	-	-	-	-
Non-Current Investments	89	24	31	55
Net Deferred tax assets	(35)	(35)	(35)	(35)
Other Non-Current Assets	103	61	153	184
<b>Current Assets</b>				
Investments	4,775	5,425	5,925	6,725
Inventories	1,617	1,810	2,011	2,370
Trade receivables	1,015	1,408	1,718	2,067
Cash & Bank Balance	2,731	2,814	2,940	3,017
Other Current Assets	433	489	566	754
<b>Total Assets</b>	<b>13,348</b>	<b>14,622</b>	<b>15,915</b>	<b>17,804</b>
<b>Equity</b>				
Equity Share Capital	323	323	323	323
Other Equity	8,242	9,495	11,162	13,204
<b>Total Networkth</b>	<b>8,566</b>	<b>9,818</b>	<b>11,485</b>	<b>13,528</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	-	-	-	-
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	1	1	1	1
Trade payables	1,091	1,274	1,383	1,462
Other current liabilities	3,648	3,486	3,003	2,770
<b>Total Equity &amp; Liabilities</b>	<b>13,348</b>	<b>14,622</b>	<b>15,915</b>	<b>17,804</b>

Source: Company Data, PL Research



## Cash Flow (Rs m)

Y/e Mar	FY22	FY23E	FY24E	FY25E
PBT	3,648	2,569	3,419	4,190
Add. Depreciation	203	204	234	252
Add. Interest	10	10	9	11
Less Financial Other Income	295	391	443	488
Add. Other	(195)	-	-	-
Op. profit before WC changes	3,666	2,783	3,663	4,453
Net Changes-WC	1,570	(523)	(1,075)	(1,119)
Direct tax	902	642	855	1,047
<b>Net cash from Op. activities</b>	<b>4,334</b>	<b>1,618</b>	<b>1,733</b>	<b>2,287</b>
Capital expenditures	(148)	(200)	(200)	(300)
Interest / Dividend Income	43	-	-	-
Others	(3,757)	(650)	(500)	(800)
<b>Net Cash from Invt. activities</b>	<b>(3,862)</b>	<b>(850)</b>	<b>(700)</b>	<b>(1,100)</b>
Issue of share cap. / premium	-	-	-	-
Debt changes	(25)	-	-	-
Dividend paid	(711)	(674)	(898)	(1,100)
Interest paid	(10)	(10)	(9)	(11)
Others	-	-	-	-
<b>Net cash from Fin. activities</b>	<b>(746)</b>	<b>(684)</b>	<b>(907)</b>	<b>(1,111)</b>
<b>Net change in cash</b>	<b>(274)</b>	<b>84</b>	<b>126</b>	<b>76</b>
Free Cash Flow	4,177	1,418	1,533	1,987

Source: Company Data, PL Research

## Key Financial Metrics

Y/e Mar	FY22	FY23E	FY24E	FY25E
<b>Per Share(Rs)</b>				
EPS	3.8	6.0	7.9	9.7
CEPS	4.4	6.6	8.7	10.5
BVPS	26.5	30.4	35.5	41.8
FCF	12.9	4.4	4.7	6.1
DPS	2.6	2.1	2.8	3.4
<b>Return Ratio(%)</b>				
RoCE	19.1	23.8	28.0	29.7
ROIC	44.7	48.8	53.4	53.9
RoE	16.4	21.0	24.1	25.1
<b>Balance Sheet</b>				
Net Debt : Equity (x)	(0.9)	(0.8)	(0.8)	(0.7)
Net Working Capital (Days)	66	58	56	59
<b>Valuation(x)</b>				
PER	72.6	46.3	34.8	28.4
P/B	10.4	9.1	7.8	6.6
P/CEPS	62.3	41.8	31.9	26.3
EV/EBITDA	50.2	33.8	24.9	20.0
EV/Sales	9.6	6.6	5.2	4.3
Dividend Yield (%)	0.9	0.8	1.0	1.2

Source: Company Data, PL Research

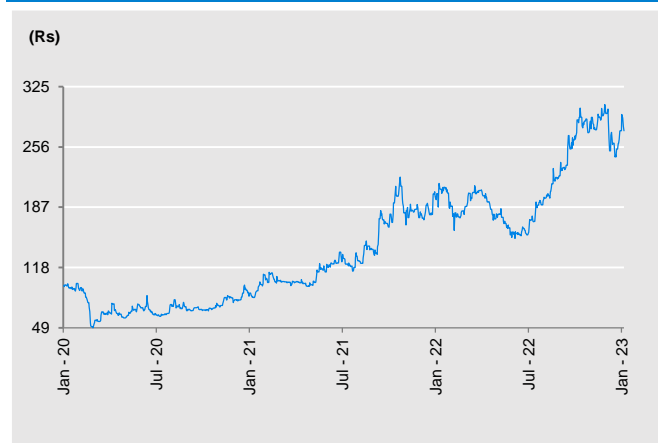
## Quarterly Financials (Rs m)

Y/e Mar	Q4FY22	Q1FY23	Q2FY23	Q3FY23
<b>Net Revenue</b>	<b>2,366</b>	<b>2,590</b>	<b>2,930</b>	<b>3,258</b>
YoY gr. (%)	32.5	40.7	41.9	44.7
Raw Material Expenses	1,312	1,475	1,562	1,675
Gross Profit	1,054	1,115	1,368	1,583
Margin (%)	44.5	43.1	46.7	48.6
<b>EBITDA</b>	<b>419</b>	<b>487</b>	<b>557</b>	<b>631</b>
YoY gr. (%)	69.6	36.1	39.4	40.1
Margin (%)	17.7	18.8	19.0	19.4
Depreciation / Depletion	51	51	49	49
<b>EBIT</b>	<b>368</b>	<b>435</b>	<b>508</b>	<b>582</b>
Margin (%)	15.6	16.8	17.3	17.9
Net Interest	5	2	2	1
Other Income	78	75	108	119
<b>Profit before Tax</b>	<b>441</b>	<b>508</b>	<b>614</b>	<b>700</b>
Margin (%)	18.6	19.6	21.0	21.5
Total Tax	110	124	151	174
Effective tax rate (%)	25.0	24.5	24.5	24.9
<b>Profit after Tax</b>	<b>330</b>	<b>383</b>	<b>463</b>	<b>526</b>
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>330</b>	<b>383</b>	<b>463</b>	<b>526</b>
YoY gr. (%)	41.8	38.1	66.0	47.5
Margin (%)	14.0	14.8	15.8	16.1
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>330</b>	<b>383</b>	<b>463</b>	<b>526</b>
YoY gr. (%)	41.8	38.1	(73.3)	47.5
Margin (%)	14.0	14.8	15.8	16.1
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>330</b>	<b>383</b>	<b>463</b>	<b>526</b>
Avg. Shares O/s (m)	323	323	323	323
<b>EPS (Rs)</b>	<b>1.0</b>	<b>1.2</b>	<b>1.4</b>	<b>1.6</b>

Source: Company Data, PL Research

## Price Chart

## Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	04-Jan-23	BUY	328	245
2	03-Nov-22	BUY	328	283
3	04-Oct-22	UR	-	268
4	03-Aug-22	BUY	240	192
5	05-Jul-22	BUY	240	154
6	16-May-22	BUY	240	174
7	08-Apr-22	BUY	244	202
8	03-Feb-22	BUY	243	206

## Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ABB India	Accumulate	3,291	2,689
2	Apar Industries	BUY	1,834	1,789
3	Bharat Electronics	BUY	125	100
4	BHEL	Sell	36	80
5	Cummins India	Accumulate	1,514	1,396
6	Engineers India	BUY	89	80
7	GE T&D India	Hold	102	116
8	Kalpataru Power Transmission	Accumulate	549	570
9	KEC International	Accumulate	495	474
10	Larsen & Toubro	BUY	2,384	2,089
11	Praj Industries	BUY	520	367
12	Siemens	Accumulate	3,290	2,837
13	Thermax	Accumulate	2,556	1,956
14	Triveni Turbine	BUY	328	245
15	Voltamp Transformers	Hold	3,150	2,691

## PL's Recommendation Nomenclature (Absolute Performance)

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



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