

Retail Equity Research
Triveni Turbine Ltd.
Capital Goods

Accumulate

12 Months Investment Period Rating as per Small Cap

CMP Rs. 389 **TARGET Rs. 430** **RETURN 11%** ↑
(Closing: 14-08-23)

BSE CODE : 533655 NSE CODE: TRITURBINE
BLOOMBERG CODE: TRIV:IN SENSEX : 65,402

KEY CHANGES:

TARGET ↑

RATING ↑

EARNINGS ↑

Execution picked up...

Triveni Turbine Ltd (TTL) is the domestic market leader in steam turbines up to 30 MW. The company designs and manufactures steam turbines up to 100 MW, and delivers robust, reliable, and efficient end-to-end solutions.

- In Q1FY24, TTL reported a better than expected top-line growth of 45% YoY, driven by strong aftermarket revenue growth of 91% YoY, while product sales grew by 29% YoY.
- Gross margin improved by 841bps YoY to 51.5%, due to favourable product mix. While EBITDA margin was flat at 18.8%, due to higher other expenses and staff costs.
- Order book for Q1FY24 increased by 31% YoY with strong demand from Sugar, Distillery, Steel, Independent Power Producers, Oil & Gas.
- Higher mix of export orders will bode well for TTL's ability to increase international market share and contribute to a higher margin profile.
- Rising global energy demand particularly in the industrial segment are expected to support demand for heating and cooling solutions in the medium term.
- However, valuation remains expensive due to the recent uptick in price. We assign Accumulate rating and value the stock at a P/E of 40x on FY25E EPS with a TP of Rs. 430.

Highest ever quarterly revenue...

TTL registered a highest ever quarterly revenue growth of Rs 376cr in Q1FY24, a robust growth of 45.3%. The domestic sales increased by 19.8% YoY to Rs195cr while export revenue registered a healthy growth of 88.2% YoY to Rs182cr, driven by the company's success in international markets especially in the aftermarket segment. The mix of domestic and export sales improved in favour of exports from 63:37 in previous corresponding quarter to 52:48 in Q1 FY24. Gross margin in Q1FY24 improved by 841bps YoY to 48.5%, aided by a favourable product mix. While EBITDA margin was flat at 18.8%, impacted by higher other expenses (143% YoY) and employee costs (40% YoY). We expect that higher execution of export orders and increased aftermarket sales will improve margins going forward.

Order book remains healthy...

In Q1FY24, the order book grew by 31% YoY to Rs. 1,405cr (which is 1x TTM revenue), supported by strong demand from Sugar, Distillery, Steel, Independent Power Producers, Oil & Gas. During the quarter, order inflow increased by 27% YoY to Rs453cr, supported by aftermarket orders with a growth of 43%YoY, while product order inflow increased by 20% YoY to Rs308cr. The share of the export order book remained healthy at 43% in Q1FY24. The increasing share of export order book would aid margin improvement in the coming quarters. The aftermarket contributed to 32% of order booking for the year, up from 21% in FY 22, and the Company is confident that this segment will continue to provide a significant share of its overall growth in the coming years.

Valuations

Rising global energy demand particularly in the industrial segment are expected to support demand for heating and cooling solutions in the medium term. However, expensive valuation remains a deterrent in the near term performance. Therefore, we assign Accumulate rating and value the stock at a P/E of 40x on FY25E EPS with a TP of Rs 430.

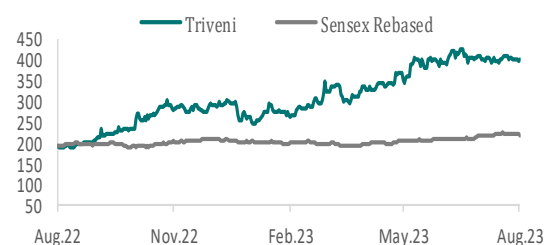
Company Data

Market Cap (cr)	₹ 12,829
Enterprise Value (cr)	₹ 12,762
Outstanding Shares (cr)	32
Free Float	44.10%
Dividend Yield	0.31%
52 week high	₹ 430
52 week low	₹ 190
6m average volume (cr)	1.35
Beta	0.74
Face value	₹ 1

Shareholding (%)	Q3FY23	Q4FY23	Q1FY24
Promoters	55.9	55.8	55.8
FII's	23.2	24.4	26.8
MFs/Insti	15.5	15.1	12.6
Public	5.4	4.7	4.8
Total	100	100	100
Promoter Pledge (%)	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	12%	52%	106%
Absolute Sensex	7%	10%	13%
Relative Return*	5%	42%	93%

*over or under performance to benchmark index



Consolidated (cr)	FY23A	FY24E	FY25E
Sales	1,248	1,677	2,000
Growth (%)	46.4	34.5	19.2
EBITDA	233.8	335.5	424.1
EBITDA Margin(%)	18.74	20.00	21.20
PAT Adj.	192.9	275.0	354.4
Growth (%)	167.9	42.6	28.9
Adj.EPS	5.8	8.3	10.7
Growth (%)	167.9	42.6	28.9
P/E	66.5	46.7	36.2
P/B	19.9	14.6	10.7
EV/EBITDA	54.0	37.4	29.4
ROE (%)	26.0	37.0	34.7
D/E	0.0	0.0	0.0

Antu Eapan Thomas

Research Analyst

Quarterly Financials (Consolidated)

Profit & Loss

Rs (cr)	Q1FY24	Q1FY23	(%) YoY Growth	Q4FY23	(%) QoQ Growth
Sales	376	259	45.3	370	1.8
EBITDA	71	49	45.7	66	6.9
EBITDA margins (%)	18.8	18.8	5bps	17.9	90bps
Depreciation	5	5	-4.9	5	-2.2
EBIT	66	44	51.7	61	7.6
Interest	1	0	208.3	1	48.0
Other Income	13	7	79.2	12	7.0
Exceptional Items	-	-	0.0	-	0.0
PBT	79	51	55.0	73	7.2
Tax	18	12	42.1	18	-0.3
Reported PAT	61	38	59.0	56	9.6
Adjustments	-	-	0.0	-	0.0
Adj PAT	61	38	59.0	56	9.6
No. of Shares	32	32		32	
EPS (Rs)	1.9	1.2	59.0	1.7	9.6

Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Revenue	1,601	1,988	1,677	2,000	4.8	0.6
EBITDA	325	422	335	424	3.2	0.6
Margins (%)	20.3	21.2	20.0	21.2	-30bps	0bps
Adj. PAT	263	338	275	354	4.7	4.8
EPS	8.0	10.3	8.3	10.7	4.7	4.8

Consolidated Financials

PROFIT & LOSS

Y.E March (Rs. cr)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenue	703	852	1,248	1,677	2,000
% change	-14.1	21.3	46.4	34.5	19.2
EBITDA	148	163	234	335	420
% change	-5.2	10.2	43.7	43.5	25.2
Depreciation	20	20	20	21	24
EBIT	127	142	214	314	396
Interest	1	1	1	1	1
Other Income	19	29	43	45	50
PBT	127	369	256	358	445
% change	-13.6	190.9	-30.8	40.3	24.2
Tax	30	95	63	88	114
Tax Rate (%)	23.4	25.6	24.5	24.5	25.5
Reported PAT	102	270	193	271	337
Adj*	-19	198	0	0	0
Adj PAT	121	72	193	271	337
% change	-0.7	-40.5	167.9	40.3	24.6
No. of shares (cr)	32	32	32	32	32
Adj EPS (Rs.)	3.7	2.2	5.8	8.2	10.2
% change	0	0	2	0	0
DPS (Rs.)	1.2	1.2	1.2	1.2	1.2

CASH FLOW

Y.E March (Rs. cr)	FY21A	FY22A	FY23A	FY24E	FY25E
Net inc. + Depn.	147	389	275	379	469
Non-cash adj.	-26	-85	-48	-84	-108
Changes in W.C	86	113	30	-112	-140
C.F. Operation	206	418	257	184	222
Capital exp.	-20	16	-13	-49	-50
Change in inv.	-144	-181	145	-50	-57
Other invest.CF	-5	-10	-13	-2	-5
C.F - Investment	-168	-175	119	-101	-112
Issue of equity	0	0	0	0	0
Issue/repay debt	-1	9	-1	-9	0
Dividends paid	-38	-38	-37	-38	-38
Other finance.CF	52	-55	-406	24	5
C.F - Finance	9	-86	-443	-26	-34
Chg. in cash	48	157	-66	56	76
Closing cash	116	273	207	263	339

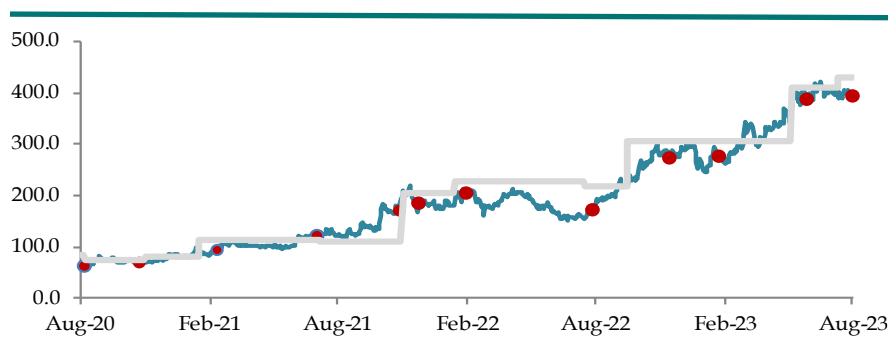
BALANCE SHEET

Y.E March (Rs. cr)	FY21A	FY22A	FY23A	FY24E	FY25E
Cash	116	273	207	263	339
Accounts Receivable	77	101	98	152	219
Inventories	160	162	197	275	339
Other Cur. Assets	40	67	52	69	77
Investments	296	478	332	382	439
Gross Fixed Assets	353	345	365	415	465
Net Fixed Assets	244	238	253	257	283
CWIP	-	3	5	4	4
Intangible Assets	5	9	4	4	4
Def. Tax (Net)	-5	-3	-4	-5	-5
Other Assets	4	4	1	4	4
Total Assets	937	1,331	1,144	1,405	1,704
Current Liabilities	276	435	478	514	508
Provisions	17	25	28	29	34
Debt Funds	-	0	-	-	-
Other Liabilities	6	14	13	4	4
Equity Capital	32	32	32	32	32
Reserves & Surplus	605	824	593	826	1,125
Shareholder's Fund	638	857	625	858	1,158
Total Liabilities	937	1,331	1,144	1,405	1,704
BVPS (Rs.)	20	26	20	27	36

RATIOS

Y.E March	FY21A	FY22A	FY23A	FY24E	FY25E
Profitab. & Return					
EBITDA margin (%)	21.0	19.1	18.7	20.0	21.0
EBIT margin (%)	18.1	16.7	17.1	18.7	19.8
Net profit mgn.(%)	17.2	8.4	15.5	16.1	16.9
ROE (%)	20.7	9.6	26.0	36.5	33.5
ROCE (%)	15.4	7.1	20.0	27.5	24.8
W.C & Liquidity					
Receivables (days)	53.7	38.2	29.2	27.1	33.8
Inventory (days)	170.3	124.7	101.1	98.7	108.7
Payables (days)	219.1	255.8	226.9	183.2	173.6
Current ratio (x)	1.3	1.3	1.1	1.4	1.8
Quick ratio (x)	0.7	0.9	0.6	0.3	0.4
Turnover & Leverage					
Gross asset T.O (x)	2.1	2.4	3.5	4.3	4.5
Total asset T.O (x)	0.8	0.8	1.0	1.3	1.3
Int. coverage ratio (x)	111.8	139.2	216.0	314.4	396.3
Adj. debt/equity (x)	0.0	0.0	0.0	0.0	0.0
Valuation					
EV/Sales (x)	18.6	15.2	10.4	7.7	6.4
EV/EBITDA (x)	88.6	79.4	55.6	38.5	30.6
P/E (x)	109.1	183.3	68.4	48.8	39.1
P/BV (x)	20.4	15.3	20.5	15.1	11.2

Recommendation Summary (Last 3 years)



Source: Bloomberg, Geojit Research.

Dates	Rating	Target
22-Jun-2020	Hold	84
10-Aug-20	Buy	74
04-Nov-20	Buy	79
12-Feb-21	Accumulate	112
07-Jul-21	Reduce	110
01-Dec-21	Accumulate	204
04-Feb-22	Accumulate	229
23-Aug-22	Accumulate	220
31-Jan-23	Accumulate	300
31-May-23	HOLD	410
16-Aug-23	Accumulate	430

Investment Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%
Not rated/ Neutral			

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note.

Accumulate: Partial buying or to accumulate as CMP dips in the future.

Hold: Hold the stock with the expected target mentioned in the note.

Reduce: Reduce your exposure to the stock due to limited upside.

Sell: Exit from the stock.

Not rated/Neutral: The analyst has no investment opinion on the stock.

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

Not Rated /Neutral- The analyst has no investment opinion on the stock under review

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