3 February 2025
3QFY25 Result Update| Sector: Capital Goods

Triveni Turbine

Estimate changes	↓
TP change	↓
Rating change	↔

Bloomberg	TRIV IN
Equity Shares (m)	318
M.Cap.(INRb)/(USDb)	201.5 / 2.3
52-Week Range (INR)	885 / 350
1, 6, 12 Rel. Per (%)	-16/10/66
12M Avg Val (INR M)	1266

Financials Snapshot (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Net Sales	20.6	25.6	32.5
EBITDA	4.4	5.4	6.8
PAT	3.7	4.5	5.7
EPS (INR)	11.7	14.0	17.8
GR. (%)	37.8	20.3	26.9
BV/Sh (INR)	38.6	48.7	61.5
Ratios			
ROE (%)	33.9	32.2	32.3
RoCE (%)	34.1	32.4	32.5
Valuations			
P/E (X)	54.4	45.3	35.7
P/BV (X)	16.5	13.0	10.3
EV/EBITDA (X)	44.6	36.6	28.6
Div Yield (%)	0.5	0.6	0.8

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	55.8	55.8	55.8
DII	10.9	11.5	12.5
FII	28.3	28.1	27.3
Others	4.9	4.6	4.4

FII Includes depository receipts

CMP: INR634 TP: INR780 (+23%) Buy

Future-proofing its growth prospects

Triveni Turbine (TRIV)'s 3QFY25 results came in line with our expectations on all parameters. The company reported revenue/EBITDA/PAT growth of 17%/31%/35% YoY in 3QFY25. Domestic order inflows declined by 16% YoY, as the conversion from inquiry generation to order finalization is yet to pan out. Export order growth moderated to 9% YoY. Management is optimistic about domestic order inflow pipeline materializing in 4QFY25, with healthy inquiries from distilleries, MSW, cement, steel, process co-generation, et al. TRIV is foraying into new products, applications and geographies in order to diversify its revenue stream and growth prospects. We cut our FY26/FY27 estimates by 2%/8% to factor in lower order inflows and revenues. We maintain BUY with a TP of INR780, based on 42x Mar'27E earnings.

In-line quarter

Revenue came in line with our estimate at INR5b (up 17% YoY) on the back of strong execution of the opening order book of INR17.9b. Domestic/export revenue grew by 5%/31% YoY. EBITDA at INR1.1b grew by 31% YoY on the back of operating leverage benefits, as gross margin was down 130bp YoY at 49.5%. However, EBITDA margin expanded ~230bp YoY to 21.7%. PAT at INR926m (4% above estimates) clocked 35% YoY growth, aided by higher other income (+29% YoY) and a lower effective tax rate. Order inflows declined by 1% YoY to INR5.3b as persistent domestic weakness resulted in a 16% YoY decline in domestic orders, while export orders grew by 9% YoY. As a result, the closing order book stood at a record INR18.2b (+15% YoY). For 9MFY25, TRIV reported revenue/EBITDA/PAT growth of 23%/38%/36%, while order inflows grew by 20% YoY to INR17.3b. The board has approved a dividend of INR2/share for FY25.

Domestic ordering remains weak amid healthy uptick in inquiries

Domestic ordering was muted in 9MFY25, down 3% YoY. However, TRIV is confident of an improvement, as indicated by improving inquiries (+75% YoY) from steel, cement, municipal solid waste, chemicals, biomass, petrochemicals, etc. Given weak domestic demand sentiment resulting in a shrinking market size, TRIV is facing intense competition from Siemens. Accordingly, it will adopt a selective stance in instances of intense price competition.

Widening its export presence

The share of exports in total order inflows and revenue has inched up, aided by the company's entry into new geographies, applications, and strong traction in API, renewable, SMR, geothermal, and WTE turbines. Meanwhile, the aftermarket trajectory continues to be robust and will serve as the company's primary growth driver for the coming few years. The US business is facing some delays pertaining to the certification process. However, the inquiry pipeline offers strong visibility, which is expected to be relatively insulated from geopolitical events. While ordering from the SADC region has gone down in absolute terms, recent orders involve higher value addition for TRIV, which will improve the margin profile. With a depreciating INR, a higher share of exports augurs well for the company going ahead from a profitability standpoint.

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Foraying into new offerings and applications

In a notable development, TRIV bagged an order worth INR2.9b from NTPC, in collaboration with Energy Dome, for setting up a 160 MWhr long-duration energy storage system at the Kudgi Supercritical Thermal Power Plant premises. TRIV’s scope includes providing CO2-based battery storage solutions, compressors and heat exchangers, in addition to civil work (10-12% of the order value). TRIV expects to scale up this offering by attempting to bring down the cost from USD200k/MWhr currently to USD125k/MWhr, making it more viable for prospective customers. Compared to lithium-based solutions, CO2 undergoes minimal degradation over the long run, with a product life of 30-35 years. The company has also forayed into new offerings and applications to diversify its revenue base and maintain its growth trajectory for the coming few years.

Capex to move up in next 1-2 years

In order to cement its position in the areas where it has ventured recently, TRIV expects a higher annual capex run rate, from INR400-500m currently to INR1.2-1.5b, over the next couple of years. Apart from adding a fifth bay at its Sompura facility, TRIV will also invest in software and testing infrastructure for R&D and qualified personnel, which will help to increase the localization for new products.

We build in a PAT CAGR of 28% over FY24-27

We reduce our revenue estimates for FY26/FY27 to account for slower ordering, while we increase our FY25/26/27 margin estimates to factor in a higher share of exports. We expect TRIV’s revenue/EBITDA/PAT to clock a CAGR of 25%/29%/28% over FY24-27.

Valuation and view

The stock is currently trading at 45x FY26E/36x FY27E P/E. We cut our FY26/FY27 estimates by 2%/8%, and maintain BUY with a TP of INR780 on 42x Mar’27E EPS. Key risks to our recommendation would come from slower-than-expected order inflow growth, particularly in domestic markets; lower-than-expected margins; and a slowdown in global geographies.

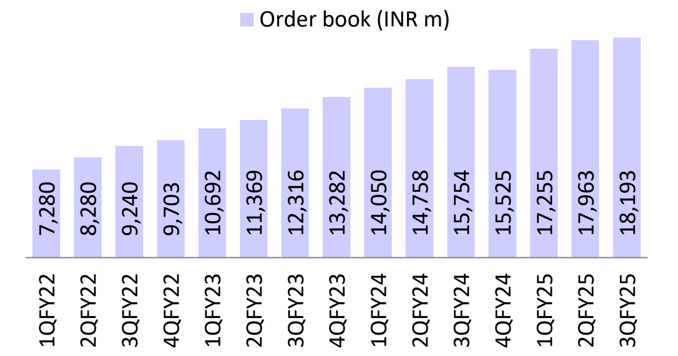
Triveni Turbine

Consolidated - Quarterly Earning Model **(INR m)**

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	Var (%)
Net Sales	**3,764**	**3,878**	**4,317**	**4,581**	**4,633**	**5,011**	**5,034**	**5,950**	**16,539**	**20,628**	**5,020**	**0**
YoY Change (%)	45.3	32.4	32.5	23.9	23.1	29.2	16.6	29.9	32.6	24.7	16.3	
Total Expenditure	3,055	3,134	3,480	3,682	3,677	3,897	3,941	4,689	13,351	16,203	3,966	
EBITDA	**709**	**744**	**837**	**898**	**956**	**1,114**	**1,093**	**1,262**	**3,188**	**4,425**	**1,054**	**4**
Margins (%)	18.8	19.2	19.4	19.6	20.6	22.2	21.7	21.2	19.3	21.5	21.0	
Depreciation	49	51	55	53	62	61	65	61	208	249	62	5
Interest	7	6	6	7	10	8	4	9	27	31	8	-48
Other Income	134	146	172	171	194	196	222	198	622	809	207	7
PBT before EO expense	**786**	**832**	**949**	**1,009**	**1,078**	**1,241**	**1,246**	**1,390**	**3,576**	**4,954**	**1,191**	**5**
PBT	**786**	**832**	**949**	**1,009**	**1,078**	**1,241**	**1,246**	**1,390**	**3,576**	**4,954**	**1,191**	**5**
Tax	177	190	264	252	274	331	320	320	883	1,246	299	
Rate (%)	22.4	22.8	27.8	25.0	25.4	26.7	25.7	23.0	24.7	25.1	25.1	
Minority Interest & Profit/Loss of Asso. Cos.	0	-2	-2	5	0	0			2			
Reported PAT	**610**	**644**	**686**	**751**	**804**	**910**	**926**	**1,070**	**2,691**	**3,709**	**892**	**4**
Adj PAT	**610**	**644**	**686**	**751**	**804**	**910**	**926**	**1,070**	**2,691**	**3,709**	**892**	**4**
YoY Change (%)	59.2	39.0	30.4	35.1	31.8	41.4	35.0	42.4	39.5	37.6	30.0	
Margins (%)	16.2	16.6	15.9	16.4	17.4	18.2	18.4	18.0	16.3	18.0	17.8	

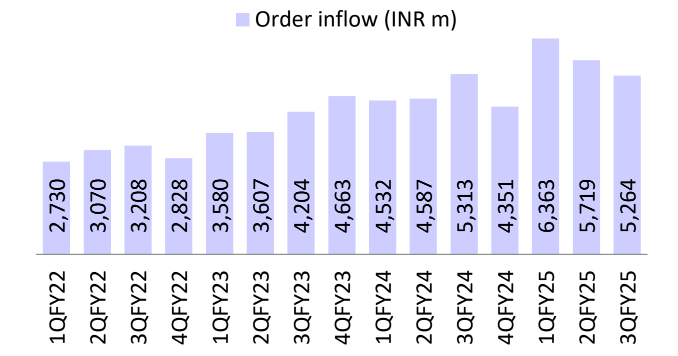
Key Exhibits

Exhibit 1: Order book up 15% YoY (INR m)



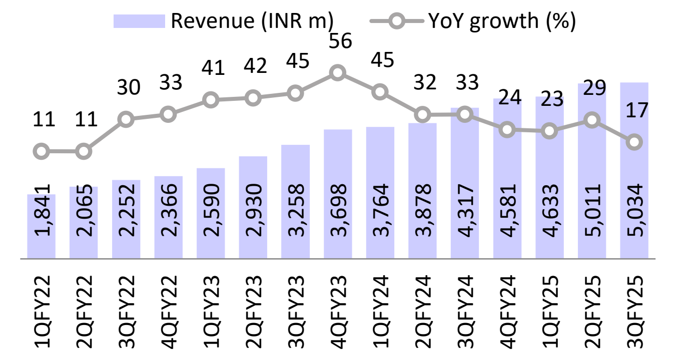
Source: Company, MOFSL

Exhibit 2: Order inflow declined 1% YoY (INR m)



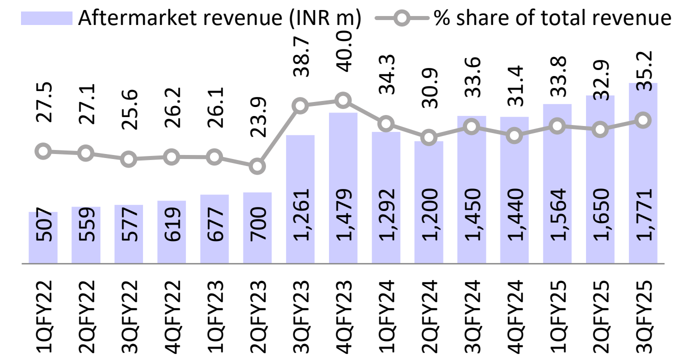
Source: Company, MOFSL

Exhibit 3: Revenue growth stood strong at 17% YoY



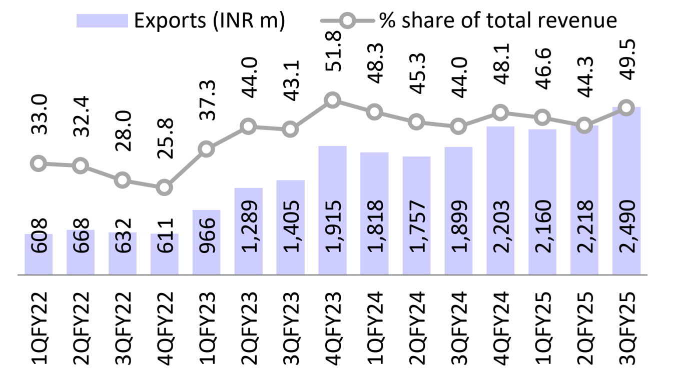
Source: Company, MOFSL

Exhibit 4: Share of aftermarket remained stable



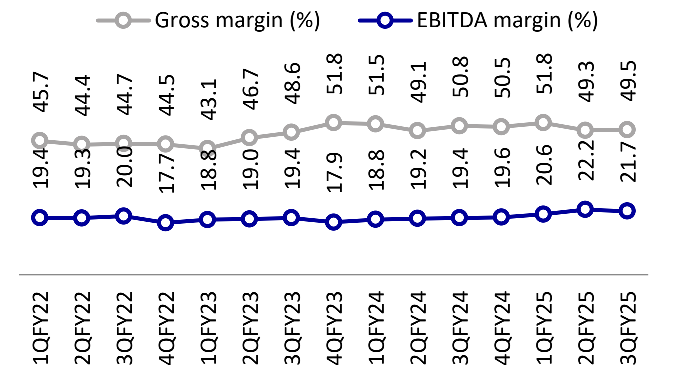
Source: Company, MOFSL

Exhibit 5: Export share inched up in 3QFY25



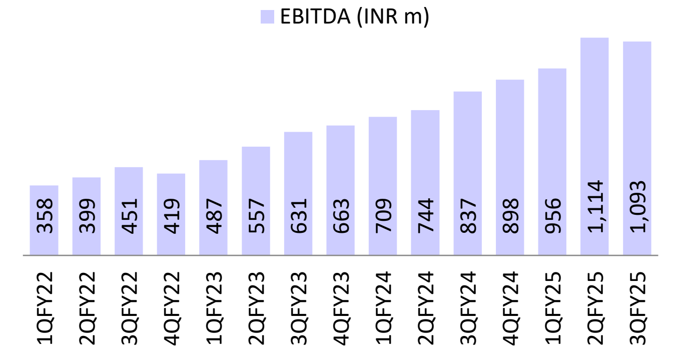
Source: Company, MOFSL

Exhibit 6: EBITDA margin saw a healthy improvement



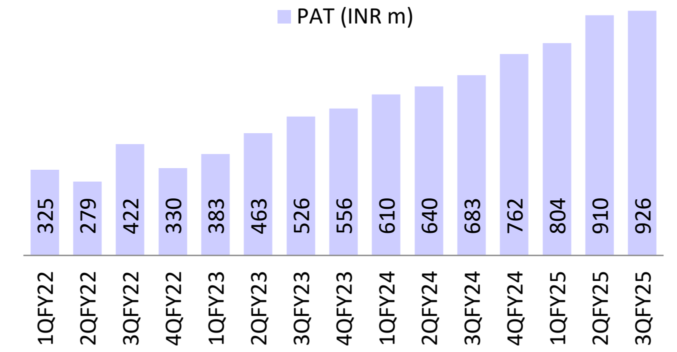
Source: Company, MOFSL

Exhibit 7: EBITDA growth was at 31% YoY (INR m)



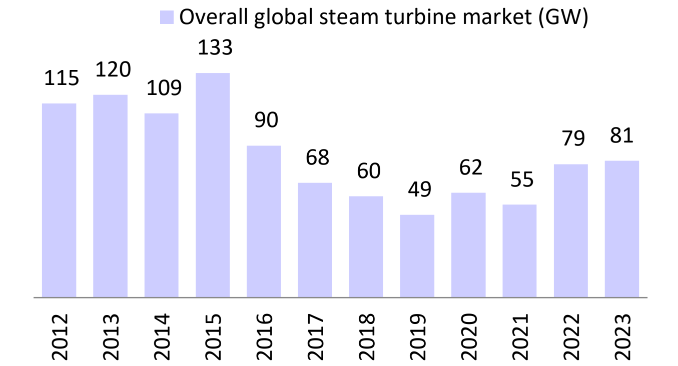
Source: Company, MOFSL

Exhibit 8: PAT growth stood at 35% YoY (INR m)



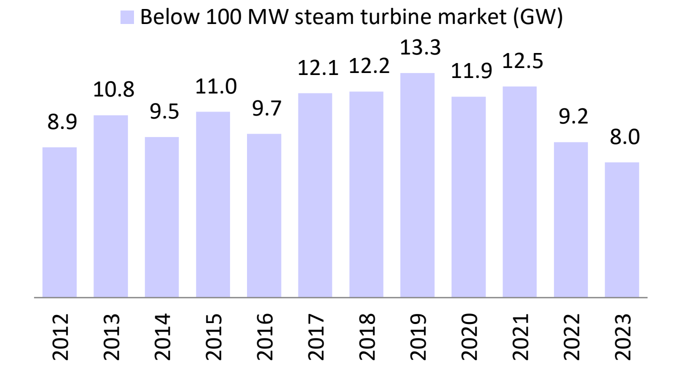
Source: Company, MOFSL

Exhibit 9: Overall global steam turbine market has declined…



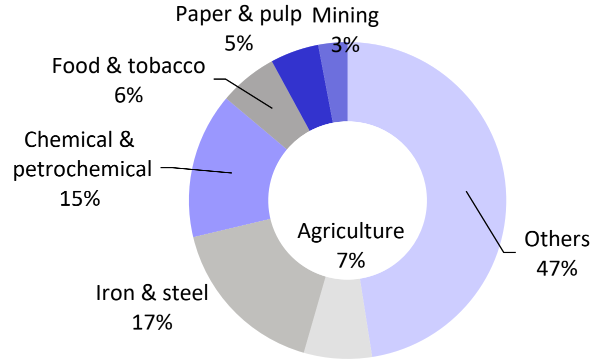
Source: Company, MOFSL

Exhibit 10: …while below-100MW market (where TRIV operates) has remained flat over the past decade



Source: Company, MOFSL

Exhibit 11: Breakdown of energy demand across user industries



Source: Industry, Company, MOFSL

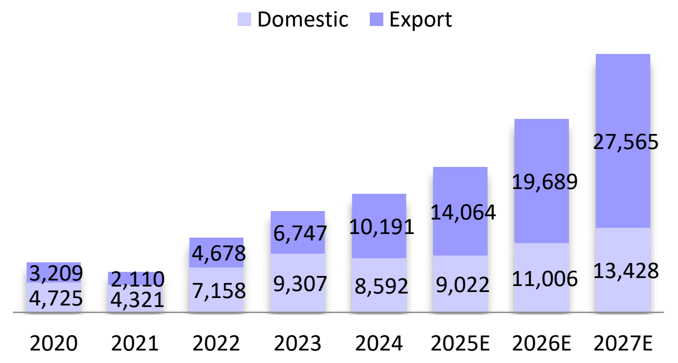
Exhibit 12: We cut our estimates to factor in lower order inflows and revenues

(INR M)	FY25E			FY26E			FY27E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Net Sales	20,628	20,328	1.5	25,645	26,533	(3.3)	32,471	35,587	(8.8)
EBITDA	4,425	4,371	1.2	5,373	5,439	(1.2)	6,803	7,295	(6.8)
EBITDA (%)	21.5	21.5	-5 bps	21.0	20.5	45 bps	21.0	20.5	45 bps
Adj. PAT	3,709	3,665	1.2	4,461	4,550	(2.0)	5,661	6,175	(8.3)
EPS (INR)	11.7	11.5	1.2	14.0	14.3	(2.0)	17.8	19.4	(8.3)

Source: MOFSL

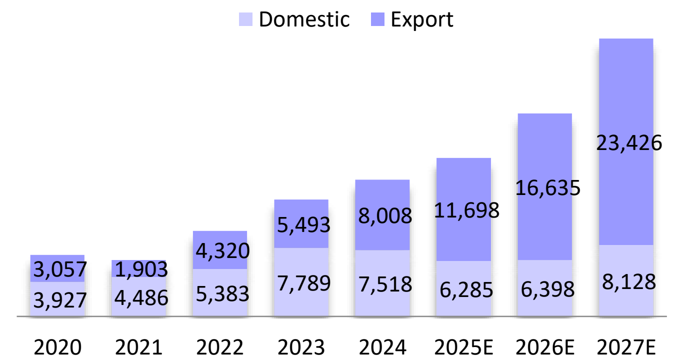
Financial outlook

Exhibit 1: We expect export orders to outpace domestic inflows (INR m)



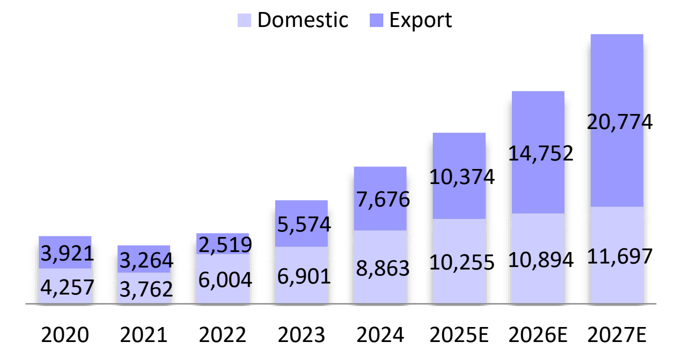
Source: Company, MOFSL

Exhibit 2: Order book on a strong footing led by healthy inquiry levels and foray into newer markets (INR m)



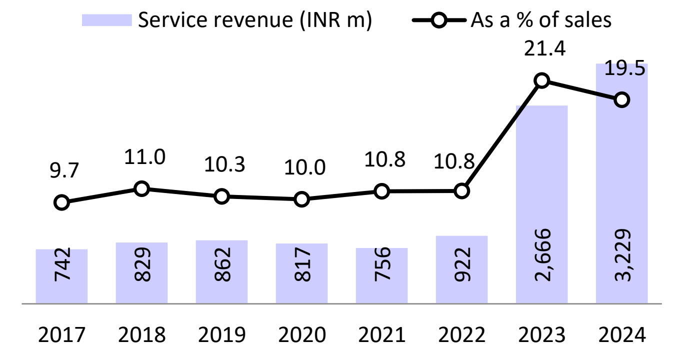
Source: Company, MOFSL

Exhibit 3: Overall revenue to post a CAGR of 25% (INR m)



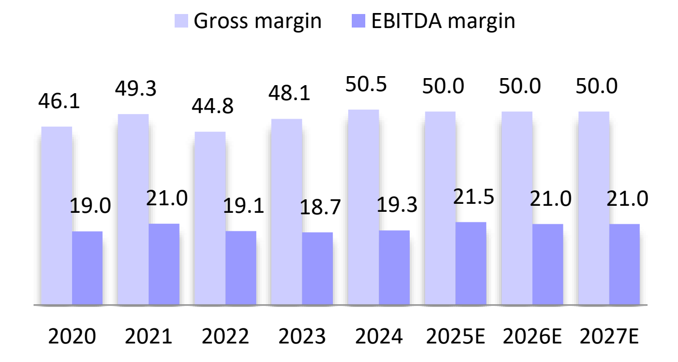
Source: Company, MOFSL

Exhibit 4: TRIV has made a healthy foray into Service



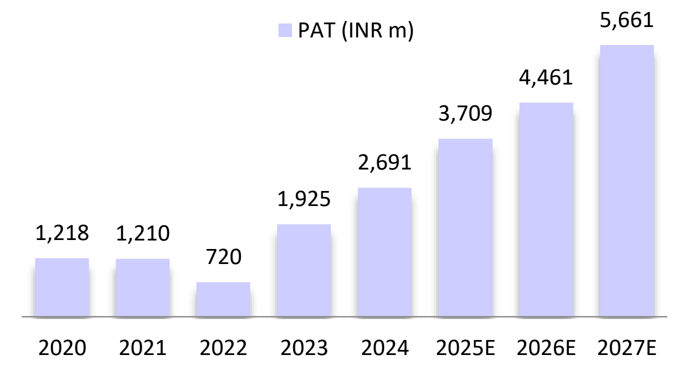
Source: Company, MOFSL

Exhibit 5: We expect EBITDA margin in the 21-22% range (%)



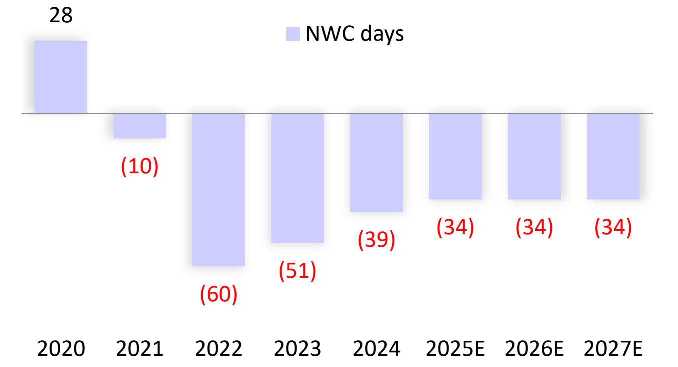
Source: Company, MOFSL

Exhibit 6: We expect PAT CAGR of 28% over FY24-27E (INR m)



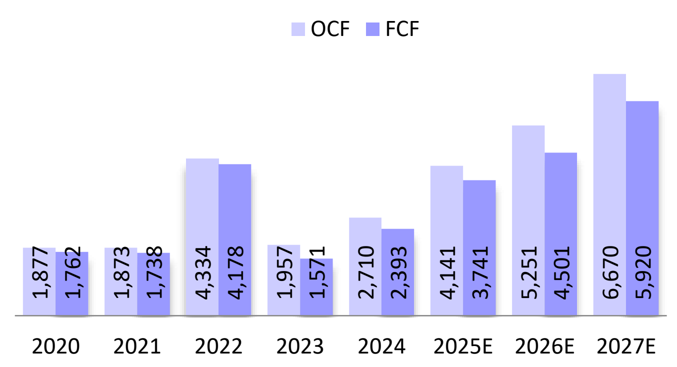
Source: Company, MOFSL

Exhibit 7: NWC days have been declining continuously and we expect them to be at comfortable levels



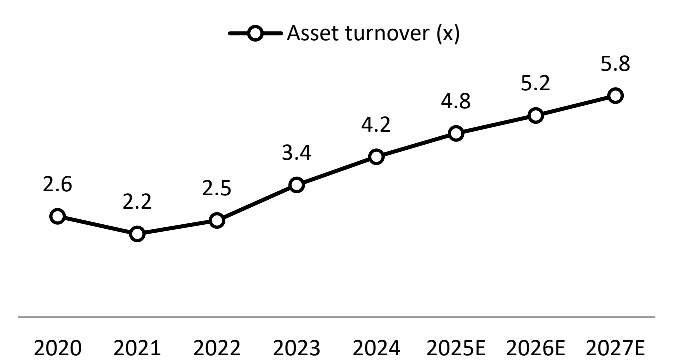
Source: Company, MOFSL

Exhibit 8: We expect OCF & FCF to remain healthy on negative working capital (INR m)



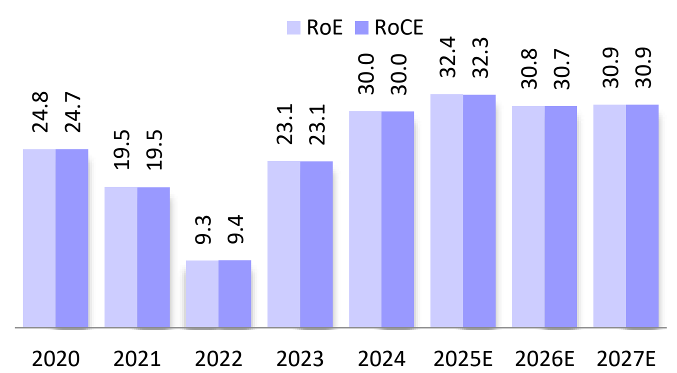
Source: Company, MOFSL

Exhibit 9: We expect asset turnover to move up on higher aftermarket contribution (x)



Source: Company, MOFSL

Exhibit 10: We expect return ratios to remain strong on healthy profitability (%)



Source: Company, MOFSL

Financials and Valuation

Income Statement							(INR m)
Y/E March	**FY21**	**FY22**	**FY23**	**FY24**	**FY25E**	**FY26E**	**FY27E**
Total Income from Operations	**7,026**	**8,522**	**12,476**	**16,539**	**20,628**	**25,645**	**32,471**
Change (%)	-14.1	21.3	46.4	32.6	24.7	24.3	26.6
Total Expenditure	**5,550**	**6,896**	**10,138**	**13,351**	**16,203**	**20,273**	**25,668**
% of Sales	79.0	80.9	81.3	80.7	78.6	79.1	79.1
EBITDA	**1,476**	**1,626**	**2,338**	**3,188**	**4,425**	**5,373**	**6,803**
Margin (%)	21.0	19.1	18.7	19.3	21.5	21.0	21.0
Depreciation	202	203	199	208	249	290	331
EBIT	**1,274**	**1,424**	**2,139**	**2,980**	**4,176**	**5,083**	**6,472**
Int. and Finance Charges	11	10	10	27	31	38	49
Other Income	244	253	426	624	809	914	1,139
PBT bef. EO Exp.	**1,506**	**1,666**	**2,555**	**3,578**	**4,954**	**5,959**	**7,562**
EO Items	-185	1,982	0	0	0	0	0
PBT after EO Exp.	**1,321**	**3,648**	**2,555**	**3,578**	**4,954**	**5,959**	**7,562**
Total Tax	296	946	626	883	1,246	1,498	1,901
Tax Rate (%)	22.4	25.9	24.5	24.7	25.1	25.1	25.1
Minority Interest	0	0	3	4	0	0	0
Reported PAT	**1,025**	**2,702**	**1,925**	**2,691**	**3,709**	**4,461**	**5,661**
Adjusted PAT	**1,168**	**1,234**	**1,925**	**2,691**	**3,709**	**4,461**	**5,661**
Change (%)	-4.1	5.6	56.1	39.8	37.8	20.3	26.9
Margin (%)	16.6	14.5	15.4	16.3	18.0	17.4	17.4

Balance Sheet							(INR m)
Y/E March	**FY21**	**FY22**	**FY23**	**FY24**	**FY25E**	**FY26E**	**FY27E**
Equity Share Capital	323	323	318	318	318	318	318
Total Reserves	6,052	8,242	7,286	9,280	11,951	15,162	19,238
Net Worth	**6,376**	**8,566**	**7,604**	**9,598**	**12,268**	**15,480**	**19,556**
Minority Interest	0	8	10	15	15	15	15
Total Loans	0	2	0	0	0	0	0
Deferred Tax Liabilities	51	35	44	89	89	89	89
Sources of Funds	**6,427**	**8,610**	**7,657**	**9,702**	**12,372**	**15,584**	**19,660**
Gross Block	3,342	3,449	3,820	4,118	4,518	5,268	6,018
Less: Accum. Deprn.	903	1,071	1,214	1,370	1,618	1,908	2,239
Net Fixed Assets	**2,440**	**2,378**	**2,606**	**2,748**	**2,900**	**3,360**	**3,779**
Capital WIP	0	33	54	14	14	14	14
Total Investments	**3,010**	**4,866**	**3,880**	**4,662**	**6,635**	**9,135**	**11,635**
Curr. Assets, Loans & Adv.	**3,969**	**6,072**	**6,859**	**9,113**	**11,986**	**14,466**	**18,655**
Inventory	1,596	1,617	2,000	2,263	3,391	4,216	5,338
Account Receivables	771	1,015	1,293	1,781	2,261	2,810	3,558
Cash and Bank Balance	1,164	2,731	2,849	4,025	4,723	5,437	7,223
Other Current Assets	437	709	716	1,044	1,611	2,003	2,536
Curr. Liability & Prov.	**2,992**	**4,738**	**5,742**	**6,835**	**9,163**	**11,391**	**14,423**
Account Payables	745	1,091	1,143	1,746	1,865	2,319	2,936
Other Current Liabilities	2,076	3,403	4,260	4,585	6,782	8,431	10,675
Provisions	171	245	339	505	516	641	812
Net Current Assets	**977**	**1,333**	**1,117**	**2,278**	**2,823**	**3,075**	**4,232**
Appl. of Funds	**6,427**	**8,610**	**7,657**	**9,702**	**12,372**	**15,584**	**19,660**

Financials and Valuation

Ratios							
Y/E March	**FY21**	**FY22**	**FY23**	**FY24**	**FY25E**	**FY26E**	**FY27E**
Basic (INR)							
EPS	**3.7**	**3.9**	**6.1**	**8.5**	**11.7**	**14.0**	**17.8**
Cash EPS	4.3	4.5	6.7	9.1	12.4	14.9	18.8
BV/Share	20.1	26.9	23.9	30.2	38.6	48.7	61.5
DPS	2.2	1.6	1.6	2.3	3.3	3.9	5.0
Payout (%)	69.4	18.5	26.0	27.2	28.0	28.0	28.0
Valuation (x)							
P/E	172.8	163.6	104.8	75.0	54.4	45.3	35.7
Cash P/E	147.3	140.5	95.0	69.6	51.0	42.5	33.7
P/BV	31.7	23.6	26.5	21.0	16.5	13.0	10.3
EV/Sales	28.6	23.4	16.0	12.0	9.6	7.7	6.0
EV/EBITDA	136.0	122.4	85.1	62.1	44.6	36.6	28.6
Dividend Yield (%)	0.4	0.2	0.2	0.4	0.5	0.6	0.8
FCF per share	5.5	13.2	4.9	7.5	11.8	14.2	18.6
Return Ratios (%)							
RoE	20.0	16.5	23.8	31.3	33.9	32.2	32.3
RoCE	20.1	16.6	23.9	31.6	34.1	32.4	32.5
Working Capital Ratios							
Fixed Asset Turnover (x)	2.1	2.5	3.3	4.0	4.6	4.9	5.4
Asset Turnover (x)	1.1	1.0	1.6	1.7	1.7	1.6	1.7
Inventory (Days)	83	69	59	50	60	60	60
Debtor (Days)	40	43	38	39	40	40	40
Creditor (Days)	39	47	33	39	33	33	33
Leverage Ratio (x)							
Current Ratio	1.3	1.3	1.2	1.3	1.3	1.3	1.3
Interest Cover Ratio	112.1	139.6	215.0	112.0	135.0	132.1	132.9
Net Debt/Equity	-0.7	-0.9	-0.9	-0.9	-0.9	-0.9	-1.0

Cash Flow Statement							(INR m)
Y/E March	**FY21**	**FY22**	**FY23**	**FY24**	**FY25E**	**FY26E**	**FY27E**
OP/(Loss) before Tax	1,321	3,648	2,555	3,576	4,954	5,959	7,562
Depreciation	202	203	199	208	249	290	331
Interest & Finance Charges	11	10	10	27	31	38	49
Direct Taxes Paid	-323	-902	-628	-734	-1,246	-1,498	-1,901
(Inc)/Dec in WC	796	1,570	230	181	153	462	629
CF from Operations	**2,007**	**4,529**	**2,366**	**3,258**	**4,141**	**5,251**	**6,670**
Others	-134	-195	-409	-547	0	0	0
CF from Operating incl EO	**1,873**	**4,334**	**1,957**	**2,710**	**4,141**	**5,251**	**6,670**
(Inc)/Dec in FA	-132	-148	-384	-312	-400	-750	-750
Free Cash Flow	**1,740**	**4,187**	**1,573**	**2,399**	**3,741**	**4,501**	**5,920**
(Pur)/Sale of Investments	-2,026	-3,617	1,111	-1,811	-2,000	-2,500	-2,500
Others	13	-98	136	150	0	0	0
CF from Investments	**-2,144**	**-3,862**	**862**	**-1,973**	**-2,400**	**-3,250**	**-3,250**
Inc/(Dec) in Debt	-2	-20	-1	0	0	0	0
Interest Paid	-11	-10	-10	-27	-31	-38	-49
Dividend Paid	0	-711	-501	-731	-1,039	-1,249	-1,585
Others	-2	1	-2,335	14	27	0	0
CF from Fin. Activity	**-16**	**-740**	**-2,847**	**-744**	**-1,042**	**-1,288**	**-1,634**
Inc/Dec of Cash	**-288**	**-268**	**-28**	**-6**	**699**	**714**	**1,786**
Opening Balance	658	593	325	297	291	990	1,704
Other bank balance	794	2,405	2,552	3,734	3,734	3,734	3,734
Closing Balance	**1,164**	**2,731**	**2,849**	**4,025**	**4,724**	**5,437**	**7,223**

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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