



3R MATRIX

	+	=	-
Right Sector (RS)	✓	✗	✗
Right Quality (RQ)	✓	✗	✗
Right Valuation (RV)	✓	✗	✗

+ Positive = Neutral - Negative

What has changed in 3R MATRIX

	Old		New
RS	✓	↔	✓
RQ	✓	↔	✓
RV	✓	↔	✓

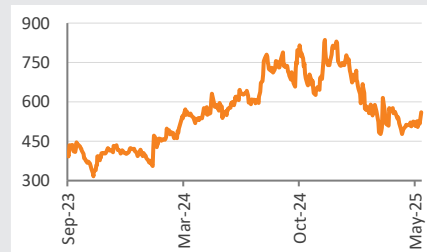
Company details

Market cap:	Rs. 17,797 cr
52-week high/low:	Rs. 842 / 455
NSE volume: (No of shares)	97.3 lakh
BSE code:	533655
NSE code:	TRITURBINE
Free float: (No of shares)	14.0 cr

Shareholding (%)

Promoters	55.8
FII	28.0
DII	10.6
Others	5.5

Price chart



Source: NSE India, Mirae Asset Sharekhan Research

Price performance

(%)	1m	3m	6m	12m
Absolute	13.0	-1.6	-10.6	0.8
Relative to Sensex	3.4	-8.2	-14.2	-11.4

Source: Mirae Asset Sharekhan Research, Bloomberg

Triveni Turbine Ltd

Consistent outperformance ; Maintain Buy

Capital Goods	Sharekhan code: TRITURBINE		
Reco/View: Buy	↔	CMP: Rs. 560	Price Target: Rs. 750 ↔
↑ Upgrade	↔ Maintain	↓ Downgrade	

Summary

- PAT rose 24% y-o-y to Rs. 95 crore, supported by strong revenue growth of 18% y-o-y and OPM improvement of 277 bps to 22.4%. A 27% rise in exports drove revenue growth, whereas domestic sales meagerly grew by 8%.
- Aftermarket business turnover of Rs 144 crore was flat. Product segment's revenues were at Rs 393 crore growing by 25%. Overall exports contributed 52% to total revenue.
- Order book rose 23% y-o-y to Rs. 1,909 crore, with an export order book rising 36% y-o-y to Rs. 1,092 crore. Domestic also posted a growth of 9% to Rs 817 crore due to an NTPC order of Rs 290 crore. Order inflow remained robust on the exports front, with strong prospects in the US and Southeast Asia.
- Global focus on renewable energy, waste-to-heat recovery, a robust order book, and margin tailwinds bode well for the company. We model a revenue/PAT CAGR of 26%/27% over FY2024-FY2027E. We reiterate a Buy rating with a PT of Rs. 750.

Consolidated revenues grew 18% y-o-y to Rs. 538 crore, led by strong growth of 27% y-o-y in export sales to Rs. 280 crore. Products segment reported revenues of Rs. 393 crore (up 25% y-o-y) and the aftermarket segment of Rs. 144 crore flat y-o-y. Demand remained strong with product order bookings achieving an impressive growth of 69% y-o-y to Rs 458 crore for Q4FY25. Key drivers of growth in product order booking were finalization of orders in the RE sector, industrial clients, power producers and API turbines. Domestic order booking was up by 150% to Rs 439 crore driven by Rs 290 crore order from NTPC for setting up a Long Duration Energy Storage (LDES) system at Kudgi, Karnataka. Operating profit grew ~34% y-o-y to Rs. 120 crore, with OPM at 22.4% (up 277 bps y-o-y). Adjusted net profit increased ~24% y-o-y to Rs. 95 crore. Inquiry pipelines in both Product and Aftermarket segments remain robust and globally diversified. In FY 25, the international Inquiry pipeline grew by ~30% while domestic inquiries surged ~120%, providing strong visibility for the coming year. The management highlights that the enquiry pipeline from domestic sectors such as steel, cement and oil & gas doubled with process cogeneration also contributing strongly.

Key positives

- Exports business grew by 27% to Rs 280 crore.
- Product segment reported revenue of Rs. 393 crore, 25% y-o-y growth.
- Domestic order booking surged 150% driven by Rs 290 crore LDES order from NTPC
- Margins improvement of 277 bps to 22.4%. Consistent improvement of margins has been seen in the previous few quarters.

Key negatives

- Domestic sales increased 8% y-o-y to Rs. 257 crore.

Management Commentary

- Management expects to maintain robust growth, supported by substantial order backlog from renewable energy, API and IPG (Industrial Power Generation) turbines, along with successful market expansions. Management is optimistic about domestic order inflow pipeline materializing in FY26, with healthy inquiries from distilleries, MSW, cement, steel, process co-generation.
- For FY25, company continues to see good international demand which, is reflected in export order booking which grew 23% y-o-y to Rs 1259 crore during the year. This includes orders secured across broad power ranges from key regions including the Middle East, Europe, North America, Southeast Asia, and Africa.
- Aftermarket business showed strong growth prospects. bolstered by an expanding range of offerings, including spare parts, services and refurbishments, designed to cater to a broader customer base of rotating equipment encompassing - steam turbines, gas turbines, utility turbines and geothermal turbines.

Revision in earnings estimates - We retain our estimates.

Our Call

Valuation - Maintain Buy with PT of Rs. 750: Triveni Turbines Ltd (TTL) expects to scale up its presence significantly in international markets, which is predictable from the surge of order booking and inquiry pipeline. Further, climate change mandate and focus on renewables in its key export markets will drive growth for its products. Hence, we retain our Buy recommendation on TTL with a PT of Rs. 750 and expect revenue/PAT CAGR of 26%/27% over FY2024-FY2027E.

Key Risks

A slowdown in the domestic macroeconomic environment or weakness in international markets can affect the business outlook and earnings growth.

Valuation (Consolidated)

Particulars	FY23	FY24	FY25	FY26E	FY27E
Net Sales	1,248	1,654	2,006	2,508	3,089
OPM (%)	18.7	19.3	21.8	22.0	22.3
Adjusted PAT	192	269	359	463	580
Adjusted EPS (Rs.)	6.1	8.5	11.3	14.6	18.2
Growth (YoY, %)	56.1	39.9	33.1	29.1	25.2
P/E	92.5	66.1	49.6	38.4	30.7
P/B	23.4	18.5	14.6	11.0	8.3
EV/EBITDA	62.0	44.4	38.6	30.5	24.5
Core ROE (%)	23.8	31.3	33.0	32.7	30.9
ROCE (%)	31.7	41.9	45.1	44.3	41.9

Source: Company; Mirae Asset Sharekhan estimates

Key conference call and investor update takeaways

- ♦ **Outlook for** all the segments (renewable energy, industrial markets, and aftermarket) remains robust.
- ♦ **Order book:** It currently book stands at Rs. 1909 crore, 23% y-o-y growth with classification between exports of Rs. 1092 crore (up 36% y-o-y) and domestic Rs. 817 crore (up 9% y-o-y). There is a pick-up in domestic inquiries which management expects converting into orders. The aftermarket order book of Rs. 260 crore is down 7% y-o-y. The product order book of Rs. 1,648 crore is up 30% y-o-y.
- ♦ **Aftermarket:** The segment contributes Rs. 144 crore, 27% to revenues. Over the next few years, management expects the aftermarket segment to grow well and pick up market share on a relative basis versus the product business. A strong aftermarket orderbook gives confidence on growth.
- ♦ **US subsidiary:** The US is by far one of the largest and most technologically developed markets with a large OEMs base. It is also an attractive market given the incentives towards energy efficiency. The company have in place a robust market strategy to build this market. Setting up of US subsidiary is aligned to the same strategy. The subsidiary apart from marketing new products will also be instrumental in catering to Aftermarket opportunity of already-installed Turbines. The US business has incurred a loss of Rs 25 crore and would be contributing marginally to bottomline by FY26.

Results (Consolidated)

Particulars	Rs cr				
	Q4FY25	Q4FY24	Y-o-Y (%)	Q3FY25	Q-o-Q (%)
Net Sales	538	458	17.5	503	7.0
Operating profit	120	90	34.0	109	10.6
Other Income	20	17	16.3	22	-10.0
Interest	0.7	0.7	-5.4	0.4	75.0
Depreciation	8	5	42.0	7	15.4
PBT	132	101	30.9	124	6.4
Tax	38	25	48.6	32	17.2
Adjusted PAT	95	76	24.1	93	2.1
Adj. EPS (Rs.)	3.0	2.4	24.1	2.9	2.1
Margin			BPS		BPS
OPM (%)	22.4	19.6	277	21.7	73
NPM (%)	17.6	16.6	95	18.4	(83)
Tax rate	28.4	25.0	338	25.8	260

Source: Company; Mirae Asset Sharekhan Research

Outlook and Valuation

■ Sector Outlook – Steam turbine markets offer strong growth visibility

There is a strong focus on renewable energy and applications such as waste heat recovery, waste to energy, etc. With the manufacturing sector on a growth trajectory and industries such as sugar, distilleries, steel, cement, pulp and paper, and chemicals expected to increase production, demand for steam turbines is expected to remain robust in the future.

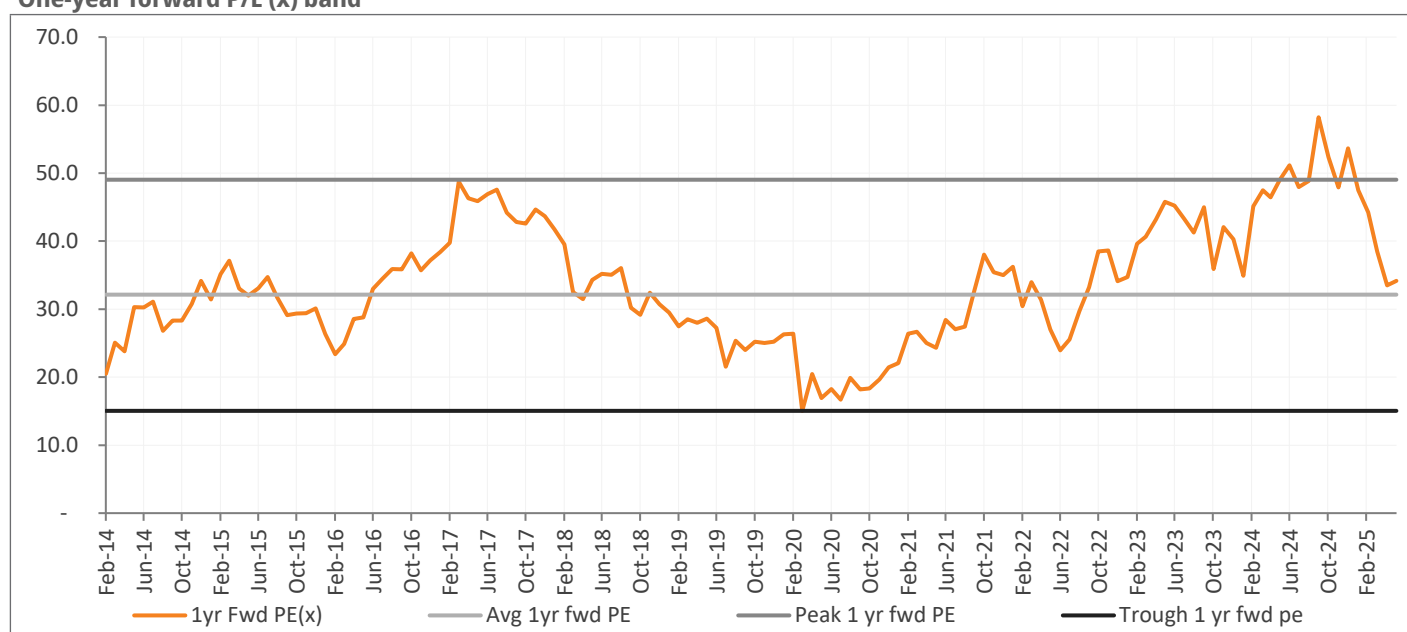
■ Company Outlook – Ample growth opportunities over the next two years

TTL is the market leader in the steam turbines market (of up to 30 MW). Post its exit from the joint venture (JV) with key international partners, the company is focusing on increasing its market share in the high-margin 30-100 MW export market directly. The company is venturing into the API market, which along with its focus on exports and the aftermarket is expected to lead to strong order booking with better margins going ahead. The company is undertaking capacity expansions, gearing up its export sales team, and increasing its supply chain capacities to drive a high-growth trajectory in the coming years. The company sees strong growth opportunities in sectors such as cement, pharma, steel, and distilleries in domestic markets and internationally in sectors such as steel, waste-to-energy, distillery, food processing, and cement WHRS.

■ Valuation – Maintain Buy with PT of Rs. 750

Triveni Turbines Ltd (TTL) expects to scale up its presence significantly in international markets, which is predictable from the surge of order booking and inquiry pipeline. Further, climate change mandate and focus on renewables in its key export markets will drive growth for its products. Hence, we retain our Buy recommendation on TTL with a PT of Rs. 750 and expect revenue/PAT CAGR of 26%/27% over FY2024-FY2027E.

One-year forward P/E (x) band



Source: Company; Mirae Asset Sharekhan Research

About company

TTL is the largest manufacturer of industrial steam turbines in the >5 MW to 30 MW range globally. The company designs and manufactures steam turbines of up to 100 MW and delivers robust, reliable, and efficient end-to-end solutions. The company provides renewable power solutions, specifically for biomass, independent power producers, sugar, and process co-generation, waste-to-energy, and district heating. The company's steam turbines are used in diverse industries, ranging from sugar, steel, textiles, chemicals, pulp and paper, petrochemicals, fertilisers, solvent extraction, metals, palm oil to food processing and more. Apart from manufacturing, the company provides a wide range of aftermarket services to its fleet of turbines as well as turbines of other makes supported by its team of highly experienced and qualified service engineers that operate through a network of service centres.

Investment theme

TTL is a market leader in the up to 30 MW steam turbine segment. The company has a strong aftermarket segment and overseas business, while the domestic market is showing distinct signs of pick-up. The company has also formed a JV for 30 MW-100 MW range steam turbines, which is likely to grow in the ensuing years. TTL is a virtually debt-free company with a limited capex requirement and an efficient working capital cycle, reflected in its healthy return ratios.

Key Risks

- ♦ Slower-than-expected project execution in domestic and international markets due to various reasons such as pending approvals and clearances.
- ♦ Weakness in domestic investment could affect growth and award of projects, posing a downside risk.
- ♦ Unexpected political changes in some of the developed countries, trade barriers, and conflict in the Middle East are some risks that can affect the company's performance.

Additional Data

Key management personnel

Name	Designation
Dhruv M. Sawhney	Chairman and Managing Director
Tarun Sawhney	Vice Chairman and Managing Director
Arun Mote	Executive Director
Shailendra Bhandari	Independent Non-Executive Director

Source: Company Website

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Nalanda India Fund Ltd	4.02
2	Nalanda India Equity Fund Ltd	3.94
3	SBI Funds Management Ltd	3.13
4	Mitsubishi UFJ Financial Group Inc	2.06
5	First Sentier Investors ICVC	1.94
6	Vanguard Group Inc/The	1.70
7	Edelweiss Asset Management Ltd	0.82
8	Blackrock Inc	0.81
9	PGIM India Asset Management Pvt Lt	0.78
10	Invesco Ltd	4.02

Source: Bloomberg

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Understanding the Mirae Asset Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/ weak realisation environment resulting in margin pressure and deteriorating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Mirae Asset Sharekhan Research

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