

Retail Equity Research  
**Triveni Turbine Ltd.**  
Capital Goods

**Accumulate**

12 Months Investment Period Rating as per Small Cap

**CMP Rs. 392 TARGET Rs. 437 RETURN 12%** ↑  
(Closing: 07-11-23)

BSE CODE : 533655 NSE CODE: TRITURBINE  
BLOOMBERG CODE: TRIV:IN SENSEX : 64,942

**KEY CHANGES:**

**TARGET** ↑

**RATING** ↔

**EARNINGS** ↑

**Rising energy demand to drive growth...**

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.

- Strong execution in the aftermarket segment and higher sales from the international market aided TTL to report robust topline growth of 32% in Q2FY24 and 38% YoY in H1FY24.
- Gross margin improved by 241bps YoY to 49.1%, due to favourable product mix & higher exports. The EBITDA margin improved by 18bps YoY to 19.2%, due to a drop in staff costs.
- The order book for Q2FY24 increased by 30% YoY, supported by 27% YoY growth in new orders in H1FY24.
- A 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, is expected to support demand for heating and cooling solutions in the medium term.
- However, expensive valuations remain a near-term concern. We therefore reiterate Accumulate rating and value the stock at a P/E of 40x on FY25E EPS with a TP of Rs. 437.

**Execution picked up...**

TTL registered a highest ever quarterly revenue growth of Rs 388cr in Q2FY24, a growth of 32.4%. In H1FY24, top-line registered a robust growth of 38.4% YoY aided by higher export revenue (36.3% YoY), driven by the company's success in international markets especially in the aftermarket segment. While domestic business increased by 29.3% YoY to Rs212cr. The product segment and after market business witnessed a growth of 24% YoY and 81% YoY, respectively in H1FY24. Gross margin in H1FY24 improved by 540bps YoY to 50.3%, aided by a favourable product mix. While EBITDA margin was flat at 19%, impacted by higher other expenses. We expect that higher execution of export orders and increased aftermarket sales will support margins going forward.

**Order book grew by 30% YoY...**

In Q2FY24, the order book grew by 30% YoY to Rs. 1,476cr (which is 1x TTM revenue), aided by 27% YoY growth in order inflow in H1FY24. During H1FY24, export order inflow registered a healthy growth of 56% YoY to Rs443cr while domestic order inflow grew by 8% YoY to Rs 469cr. Most of the order intake in the domestic market came from sugar, distillery, food processing, pulp and paper, chemicals, and waste heat recovery. The industrial clients remained the major contributor to TTL's orders, it was the renewable energy (RE) independent power producers (IPP) segment in this space that led to a higher enquiry base. The share of the export order book remained healthy at 43% in H1FY24. The increasing share of export order book would aid profitability in the coming quarters.

**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 reiterate Accumulate rating and value the stock at a P/E of 40x on FY25E EPS with a TP of Rs 437.

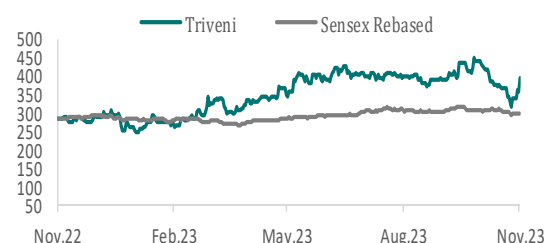
**Company Data**

Market Cap (cr)	₹ 12,920
Enterprise Value (cr)	₹ 12,853
Outstanding Shares (cr)	32
Free Float	44.10%
Dividend Yield	0.31%
52 week high	₹ 456
52 week low	₹ 241
6m average volume (cr)	1.35
Beta	0.74
Face value	₹ 1

Shareholding (%)	Q4FY23	Q1FY24	Q2FY24
Promoters	55.8	55.8	55.8
FII's	24.4	26.8	27.7
MFs/Insti	15.1	12.6	11.7
Public	4.7	4.8	4.8
Total	100.0	100.0	100.0
Promoter Pledge (%)	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	-1%	10%	38%
Absolute Sensex	-2%	5%	5%
Relative Return*	1%	5%	33%

\*over or under performance to benchmark index



Consolidated (cr)	FY23A	FY24E	FY25E
Sales	1,248	1,701	2,038
Growth (%)	46.4	36.3	19.8
EBITDA	233.8	340.2	432.1
EBITDA Margin(%)	18.74	20.00	21.20
PAT Adj.	192.9	290.9	360.5
Growth (%)	167.9	50.8	23.9
Adj.EPS	5.8	8.8	10.9
Growth (%)	167.9	50.8	23.9
P/E	67.0	44.4	35.8
P/B	20.0	14.5	10.6
EV/EBITDA	54.4	37.2	29.0
ROE (%)	26.0	38.7	34.7
D/E	0.0	0.0	0.0

**Antu Eapan Thomas**

**Research Analyst**

## Quarterly Financials (Consolidated)

### Profit & Loss

Rs (cr)	Q2FY24	Q2FY23	(%) YoY Growth	Q1FY24	(%) QoQ Growth	H1FY24	H1FY23	(%) YoY Growth
<b>Sales</b>	<b>388</b>	<b>293</b>	32.4	<b>376</b>	3.0	<b>764</b>	<b>552</b>	38.4
<b>EBITDA</b>	<b>74</b>	<b>56</b>	33.6	<b>71</b>	4.9	<b>145</b>	<b>104</b>	39.2
EBITDA margins (%)	19.2	19.0	18bps	18.8	34bps	19.0	18.9	11bps
Depreciation	5	5	4.9	5	4.7	10	10	-0.1
<b>EBIT</b>	<b>69</b>	<b>51</b>	36.3	<b>66</b>	4.9	<b>135</b>	<b>94</b>	43.4
Interest	1	0	227.8	1	-20.3	1	0	216.7
Other Income	<b>15</b>	<b>11</b>	35.1	<b>13</b>	9.0	<b>28</b>	<b>18</b>	53.1
Exceptional Items	-0.2	-	0.0	-	0.0	-0.2	-	0.0
<b>PBT</b>	<b>83</b>	<b>61</b>	35.3	<b>79</b>	5.6	<b>162</b>	<b>112</b>	44.2
Tax	19	15	26.2	18	7.6	37	27	33.4
<b>Reported PAT</b>	<b>64</b>	<b>46</b>	38.2	<b>61</b>	5.0	<b>125</b>	<b>85</b>	47.7
Adjustments	-	-	0.0	-	0.0	-	-	0.0
<b>Adj PAT</b>	<b>64</b>	<b>46</b>	38.2	<b>61</b>	5.0	<b>125</b>	<b>85</b>	47.7
No. of Shares	32	32		32		32	32	
<b>EPS (Rs)</b>	<b>2.0</b>	<b>1.4</b>	38.2	<b>1.9</b>	5.0	<b>3.9</b>	<b>2.6</b>	47.7

### Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Revenue	1,677	2,000	1,701	2,038	1.4	1.9
EBITDA	335	424	340	432	1.4	1.9
Margins (%)	20.0	21.2	20.0	21.2	0bps	0bps
Adj. PAT	275	354	291	360	5.8	1.7
EPS	8.3	10.7	8.8	10.9	5.8	1.7

## Consolidated Financials

### PROFIT & LOSS

Y.E March (Rs. cr)	FY21A	FY22A	FY23A	FY24E	FY25E
<b>Revenue</b>	<b>703</b>	<b>852</b>	<b>1,248</b>	<b>1,701</b>	<b>2,038</b>
% change	-14.1	21.3	46.4	36.3	19.8
<b>EBITDA</b>	<b>148</b>	<b>163</b>	<b>234</b>	<b>340</b>	<b>432</b>
% change	-5.2	10.2	43.7	45.5	27.0
Depreciation	20	20	20	20	21
<b>EBIT</b>	<b>127</b>	<b>142</b>	<b>214</b>	<b>320</b>	<b>411</b>
Interest	1	1	1	3	1
Other Income	19	29	43	58	60
<b>PBT</b>	<b>127</b>	<b>369</b>	<b>256</b>	<b>375</b>	<b>470</b>
% change	-13.6	190.9	-30.8	46.9	25.3
Tax	30	95	63	84	115
Tax Rate (%)	23.4	25.6	24.5	22.5	24.5
<b>Reported PAT</b>	<b>102</b>	<b>270</b>	<b>193</b>	<b>291</b>	<b>360</b>
Adj*	-19	198	0	0	0
<b>Adj PAT</b>	<b>121</b>	<b>72</b>	<b>193</b>	<b>291</b>	<b>360</b>
% change	-0.7	-40.5	167.9	50.8	23.9
No. of shares (cr)	32	32	32	32	32
<b>Adj EPS (Rs.)</b>	<b>3.7</b>	<b>2.2</b>	<b>5.8</b>	<b>8.8</b>	<b>10.9</b>
% change	0	0	2	1	0
DPS (Rs.)	0.0	2.6	1.8	1.2	1.2

### CASH FLOW

Y.E March (Rs. cr)	FY21A	FY22A	FY23A	FY24E	FY25E
<b>Net inc. + Depn.</b>	<b>147</b>	<b>389</b>	<b>275</b>	<b>396</b>	<b>491</b>
Non-cash adj.	-26	-85	-48	-66	-112
Changes in W.C	86	113	30	-123	-131
<b>C.F. Operation</b>	<b>206</b>	<b>418</b>	<b>257</b>	<b>206</b>	<b>248</b>
Capital exp.	-20	16	-13	-49	-50
Change in inv.	-144	-181	145	-50	-57
Other invest.CF	-5	-10	-13	-15	-2
<b>C.F - Investment</b>	<b>-168</b>	<b>-175</b>	<b>119</b>	<b>-114</b>	<b>-109</b>
Issue of equity	0	0	0	0	0
Issue/repay debt	-1	9	-1	-3	0
Dividends paid	0	-83	-59	-38	-38
Other finance.CF	52	-55	-406	14	5
<b>C.F - Finance</b>	<b>47</b>	<b>-131</b>	<b>-464</b>	<b>-33</b>	<b>-34</b>
Chg. in cash	86	111	-88	60	105
Closing cash	194	305	217	277	383

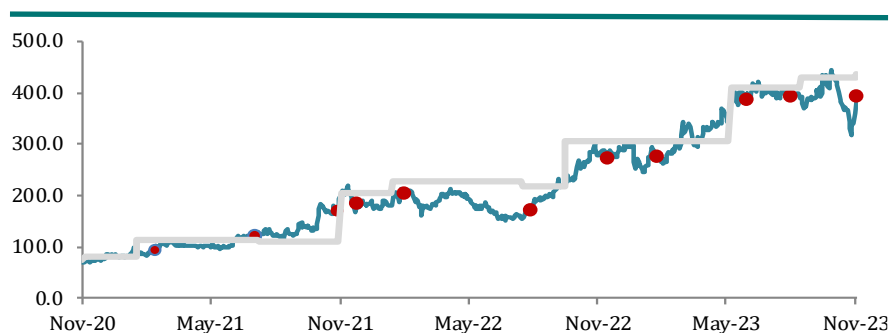
### BALANCE SHEET

Y.E March (Rs. cr)	FY21A	FY22A	FY23A	FY24E	FY25E
Cash	116	273	207	277	383
Accounts Receivable	77	101	98	154	223
Inventories	160	162	197	265	344
Other Cur. Assets	40	67	52	70	78
Investments	296	478	332	382	439
Gross Fixed Assets	353	345	365	415	465
Net Fixed Assets	244	238	253	258	287
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
<b>Total Assets</b>	<b>937</b>	<b>1,331</b>	<b>1,144</b>	<b>1,414</b>	<b>1,762</b>
Current Liabilities	276	435	478	496	516
Provisions	17	25	28	29	35
Debt Funds	-	0	-	-	-
Other Liabilities	6	14	13	10	10
Equity Capital	32	32	32	32	32
Reserves & Surplus	605	824	593	846	1,169
Shareholder's Fund	638	857	625	879	1,201
<b>Total Liabilities</b>	<b>937</b>	<b>1,331</b>	<b>1,144</b>	<b>1,414</b>	<b>1,762</b>
<b>BVPS (Rs.)</b>	<b>20</b>	<b>26</b>	<b>20</b>	<b>27</b>	<b>37</b>

### RATIOS

Y.E March	FY21A	FY22A	FY23A	FY24E	FY25E
<b>Profitab. &amp; Return</b>					
EBITDA margin (%)	21.0	19.1	18.7	20.0	21.2
EBIT margin (%)	18.1	16.7	17.1	18.8	20.2
Net profit mgn.(%)	17.2	8.4	15.5	17.1	17.7
ROE (%)	20.7	9.6	26.0	38.7	34.7
ROCE (%)	15.4	7.1	20.0	30.1	26.1
<b>W.C &amp; Liquidity</b>					
Receivables (days)	53.7	38.2	29.2	27.0	33.8
Inventory (days)	170.3	124.7	101.1	100.2	106.3
Payables (days)	219.1	255.8	226.9	189.8	171.1
Current ratio (x)	1.3	1.3	1.1	1.5	1.9
Quick ratio (x)	0.7	0.9	0.6	0.3	0.4
<b>Turnover &amp; Leverage</b>					
Gross asset T.O (x)	2.1	2.4	3.5	4.4	4.6
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	128.0	513.7
Adj. debt/equity (x)	0.0	0.0	0.0	0.0	0.0
<b>Valuation</b>					
EV/Sales (x)	18.2	14.8	10.2	7.4	6.2
EV/EBITDA (x)	86.7	77.8	54.4	37.2	29.0
P/E (x)	106.8	179.4	67.0	44.4	35.8
P/BV (x)	20.0	14.9	20.0	14.5	10.6

## Recommendation Summary (Last 3 years)



Source: Bloomberg, Geojit Research.

Dates	Rating	Target
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
07-Nov-23	Accumulate	437

## Investment Criteria

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

### 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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