

Triveni Turbine

Estimate changes	↓
TP change	↔
Rating change	↔

CMP: INR619

TP: INR720 (+16%)

Buy

Exports on strong footing

TRIV's 1QFY25 results exceeded our expectations on all parameters. The company reported revenue/EBITDA/PAT growth of 23%/35%/32% YoY. Persistent weakness and the impact of elections resulted in muted 2% YoY growth in domestic order inflows, whereas export order inflows surged 74% YoY. While we expect exports to improve further going ahead as the US foray ramps up, the domestic order inflow pipeline will see a gradual pickup in ensuing quarters given a strong enquiry pipeline from key end-user industries. We tweak our estimates to factor in lower domestic revenues and roll forward our valuation. We maintain our BUY rating with a TP of INR720, based on 48x Jun'26E EPS.

Bloomberg	TRIV IN
Equity Shares (m)	318
M.Cap.(INRb)/(USD\$b)	196.9 / 2.3
52-Week Range (INR)	676 / 311
1, 6, 12 Rel. Per (%)	-1/36/33
12M Avg Val (INR M)	554

Financials Snapshot (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Net Sales	20.3	26.5	35.6
EBITDA	4.1	5.2	6.9
PAT	3.4	4.3	5.9
EPS (INR)	10.8	13.6	18.4
GR. (%)	27.5	26.1	35.5
BV/Sh (INR)	38.0	47.8	61.0

Ratios

ROE (%)	31.7	31.8	33.9
RoCE (%)	31.8	31.9	34.0

Valuations

P/E (X)	57.4	45.5	33.6
P/BV (X)	16.3	13.0	10.1
EV/EBITDA (X)	47.3	37.0	27.2
Div Yield (%)	0.5	0.6	0.8

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	55.8	55.8	55.8
DII	12.3	12.7	12.6
FII	27.5	27.3	26.8
Others	4.3	4.2	4.8

FII Includes depository receipts

Beat across all parameters

Revenue grew 23% YoY to INR4.6b, fueled by strong execution of the order book. Domestic/export revenue growth stood at 27%/19% YoY. Gross margin expanded ~40bp YoY to 51.8%, while EBITDA margin was up ~180bp YoY to 20.6%, aided by operating leverage benefits. Accordingly, EBITDA grew 35% YoY/6% QoQ to INR956m. PBT at INR1.1b grew 37% YoY, supported by higher other income (+45% YoY). PAT rose 32% YoY, despite a higher effective tax rate (25.4% vs. 22.5% in 1QFY24). Order inflow came in at a record INR6.4b, up 40% YoY, largely propelled by export order bookings (+74% YoY), while domestic orders inched up 2% YoY. Total order book stood at INR17.2b (+23% YoY).

Pipeline shaping up well across geographies

For the past few quarters, domestic ordering has been weak due to finalization delays from key end-user industries. Stable commodity prices too have affected demand as rising prices prompt companies to add capacity. Further, companies had adopted a wait-and-watch mode in light of elections and union budget. However, TRIV is confident of an uptick, as improving enquiries from several sectors, such as steel, cement, waste-to-energy, renewable, plastic, paper, etc., are expected to translate into orders. The outlook for exports continues to be strong across key geographies such as Europe, SE Asia, Middle East, US, etc. for both products (industrial and API turbines) and aftermarket (refurbishment, spares, services). Notably, TRIV is expanding its offerings by foraying into service of utility and geothermal turbines. It has also bagged an order for API turbines from the Middle East, underscoring the increasing acceptability of its products.

Current order book mix provides margin stability

TRIV's current order book is skewed toward exports and aftermarket, which have a superior margin profile. This, coupled with stable commodity prices, provides better predictability in input costs, ensuring a stable margin trajectory. Even though the scale-up in the US market in the refurbishment and aftermarket categories will necessitate upfront costs, it will not have any material margin impact in the long run.

Investment geared toward R&D and personnel

Despite a robust cash balance, the company would prefer to maintain its asset-light model, with incremental investments being channeled toward R&D, so as to innovate newer products and solutions such as 120MW turbines, sCO₂, tCO₂ based solutions. In line with its comprehensive IP strategy, the company has secured a substantial number of IP rights globally, with 374 global IPR filings as of 1QFY25. With its focus on capitalizing on aftermarket opportunities in the US and other geographies, TRIV would increase its employee base, which has doubled from FY22 levels.

We expect a PAT CAGR of 30% over FY24-27

We tweak our estimates to factor in lower domestic ordering and consequently, revenues, with a slight downward margin revision to account for higher employee costs. We expect TRIV's revenue/EBITDA/PAT to clock a CAGR of 29%/30%/30% over FY24-27. Backed by a comfortable negative working capital cycle, strong margins, and low capex requirements, we expect its OCF and FCF to report a CAGR of 37% and 40% over the same period, respectively.

Valuation and view

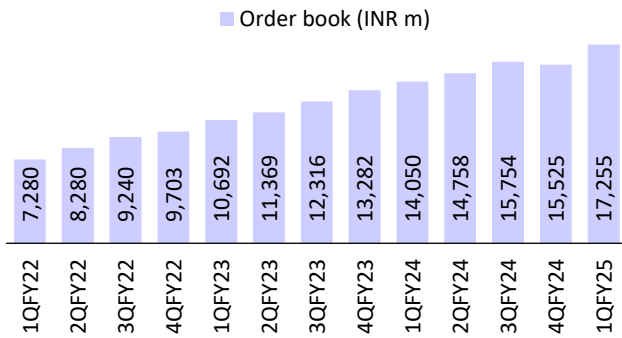
The stock is currently trading at 45x/34x FY26E/FY27E EPS. We marginally revise our estimates and roll forward our TP to Jun'26E EPS. We maintain our TP of INR720 based on 48x Jun'26E EPS. Key risks to our recommendation would come from slower-than-expected order inflow growth (particularly in domestic markets), lower-than-expected margins, and a slowdown in global geographies.

Triveni Turbine**Quarterly Earning Model**

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Est
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		1QE	Var (%)	
Net Sales	3,764	3,878	4,317	4,581	4,633	4,879	5,285	5,531	16,539	20,328	4,268	9
YoY Change (%)	45.3	32.4	32.5	23.9	23.1	25.8	22.4	20.8	32.6	22.9	13.4	
Total Expenditure	3,055	3,134	3,480	3,682	3,677	3,903	4,228	4,454	13,352	16,262	3,423	
EBITDA	709	744	837	898	956	976	1,057	1,077	3,188	4,066	845	13
Margins (%)	18.8	19.2	19.4	19.6	20.6	20.0	20.0	19.5	19.3	20.0	19.8	
Depreciation	49	51	55	53	62	63	63	63	208	251	63	-2
Interest	7	6	6	7	10	5	5	5	27	20	5	91
Other Income	133	144	171	176	194	192	197	205	622	788	170	14
PBT before EO expense	786	830	947	1,014	1,078	1,100	1,186	1,214	3,576	4,582	947	14
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	786	830	947	1,014	1,078	1,100	1,186	1,214	3,576	4,582	947	14
Tax	177	190	264	252	274	277	298	320	883	1,152	238	
Rate (%)	22.5	22.9	27.9	24.9	25.4	25.1	25.1	26.4	24.7	25.1	25.1	
Reported PAT	610	640	683	762	804	824	888	894	2,693	3,430	709	13
Adj PAT	610	640	683	762	804	824	888	894	2,693	3,430	709	13
YoY Change (%)	59.0	38.2	29.8	37.0	31.9	28.6	30.0	17.3	39.6	27.3	16.3	
Margins (%)	16.2	16.5	15.8	16.6	17.4	16.9	16.8	16.2	16.3	16.9	16.6	

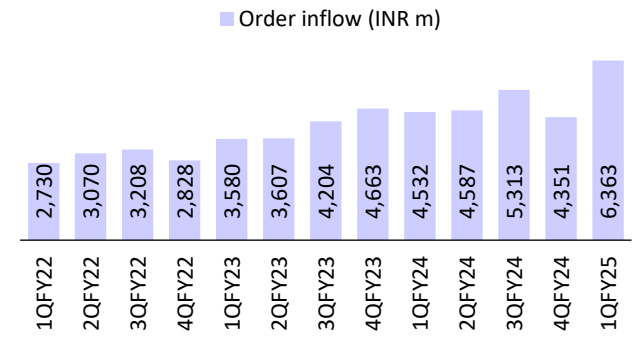
Key Exhibits

Exhibit 1: Order book up 23% YoY (INR m)



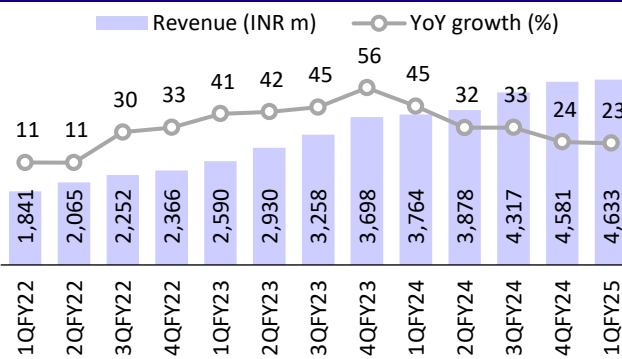
Source: Company, MOFSL

Exhibit 2: Order inflow moved up by 40% YoY (INR m)



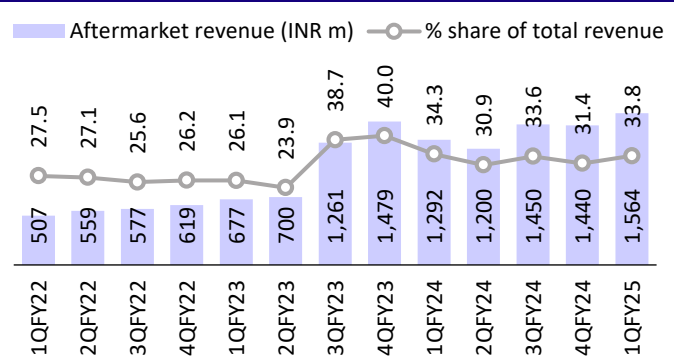
Source: Company, MOFSL

Exhibit 3: Revenue growth stood strong at 23% YoY



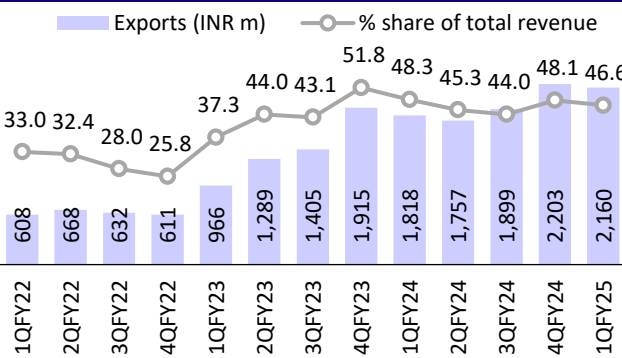
Source: Company, MOFSL

Exhibit 4: Share of aftermarket inched up QoQ



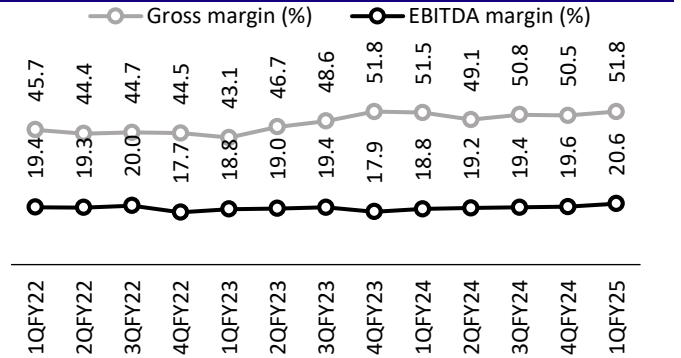
Source: Company, MOFSL

Exhibit 5: Export share has largely been stable



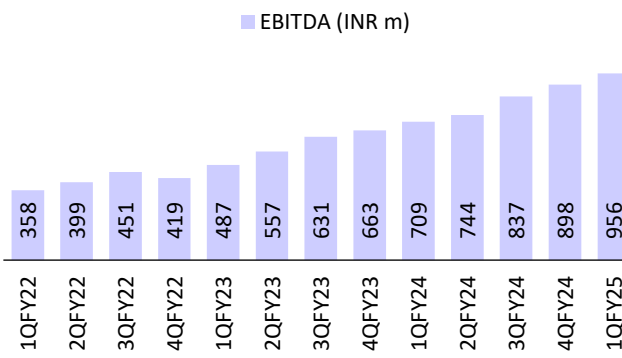
Source: Company, MOFSL

Exhibit 6: EBITDA margin saw a healthy improvement



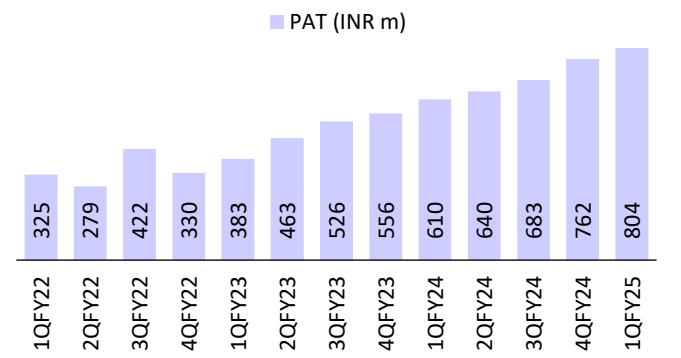
Source: Company, MOFSL

Exhibit 7: EBITDA grew 35% YoY (INR m)



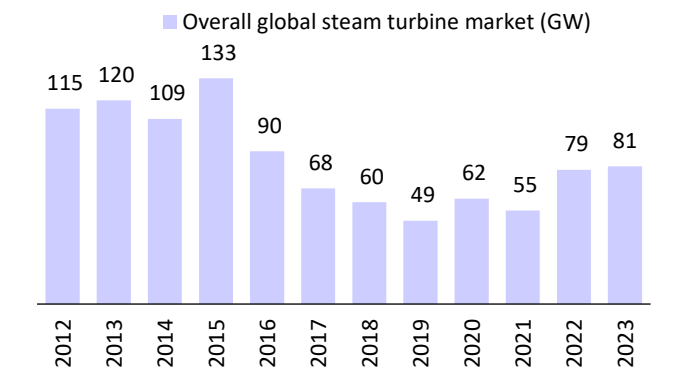
Source: Company, MOFSL

Exhibit 8: PAT growth stood at 32% YoY (INR m)



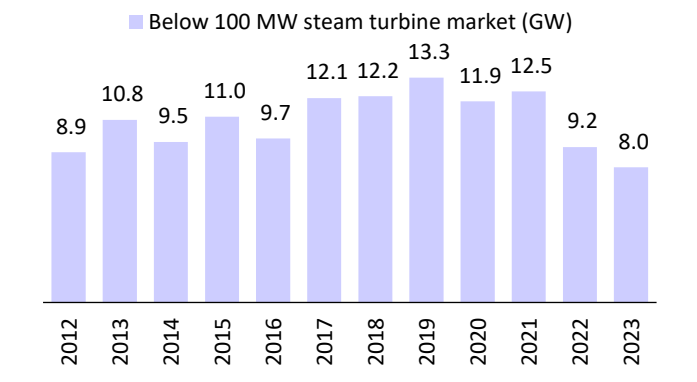
Source: Company, MOFSL

Exhibit 9: Overall global steam turbine market has declined...



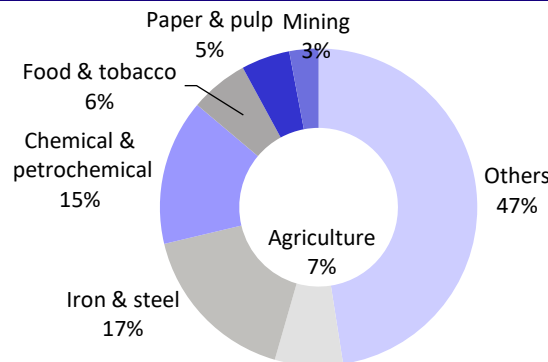
Source: Company, MOFSL

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 slightly tweak our estimates to account for subdued domestic ordering

(INR M)	FY25E			FY26E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Net Sales	20,328	21,338	(4.7)	26,533	28,604	(7.2)
EBITDA	4,066	4,225	(3.8)	5,174	5,721	(9.6)
EBITDA (%)	20.0	19.8	20 bps	19.5	20.0	-50 bps
Adj. PAT	3,430	3,494	(1.8)	4,326	4,718	(8.3)
EPS (INR)	10.8	11.0	(1.8)	13.6	14.8	(8.3)

Source: MOFSL

Valuation and view

The stock is currently trading at 45x/34x FY26E/FY27E EPS. We maintain BUY rating and TP of INR720 based on 48x Jun'26E EPS. Key risks to our recommendation would come from slower-than-expected order inflow growth, lower-than-expected margins, and a slowdown in global geographies.

Key risks

Slowdown in capex initiatives; intensified competition; technology disruption; inability to innovate and launch new products; and geopolitical headwinds resulting in a sharp slowdown in exports and aftermarket segments.

Financial outlook

Exhibit 1: We expect the order inflow momentum to remain intact (INR m)

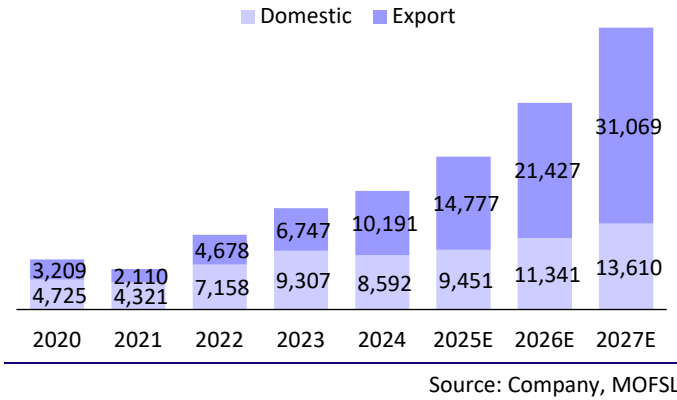


Exhibit 2: Order book on a strong footing led by healthy inquiry levels and foray into newer markets (INR m)

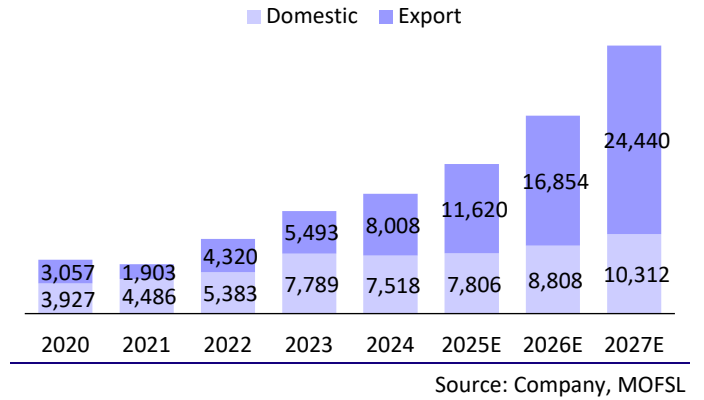


Exhibit 3: Overall revenue to post a CAGR of 29% (INR m)

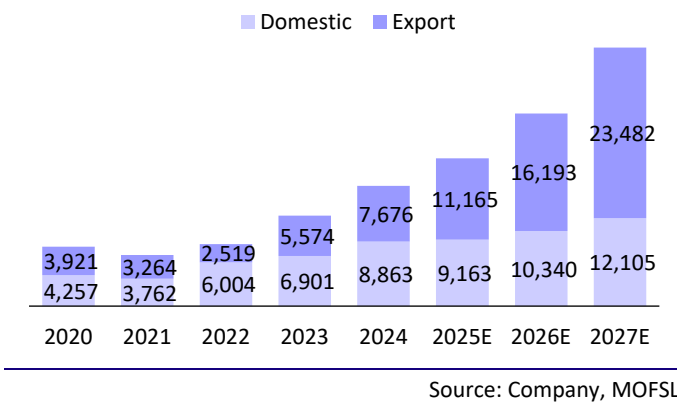


Exhibit 4: TRIV has made a foray into Service

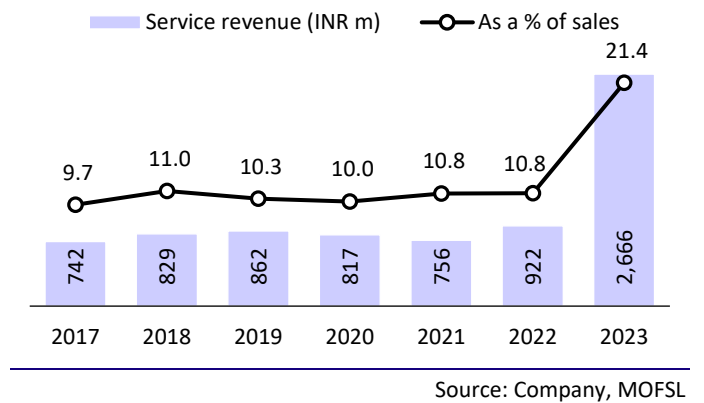


Exhibit 5: We expect EBITDA margin in the 19-20% range (%)

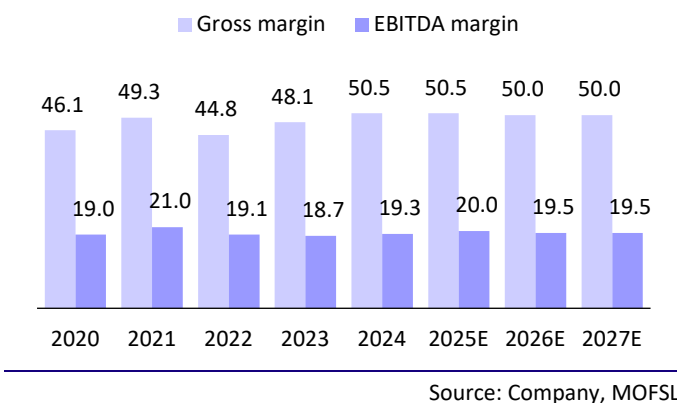


Exhibit 6: PAT to post a robust CAGR of 30% (INR m)

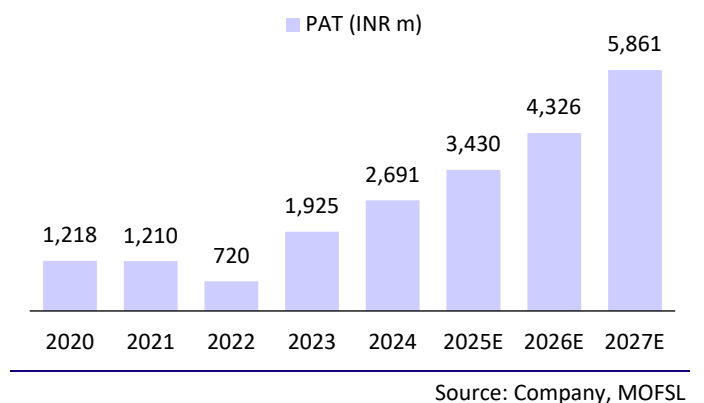
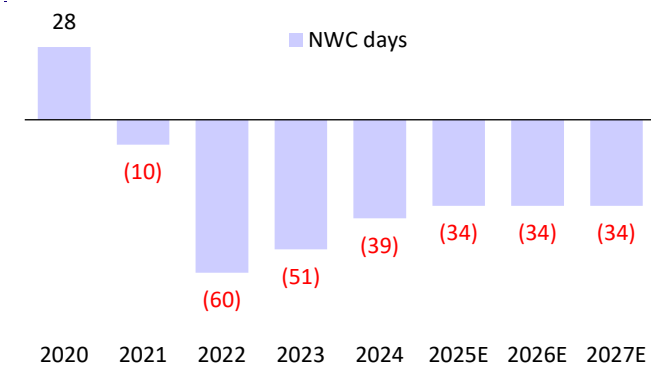
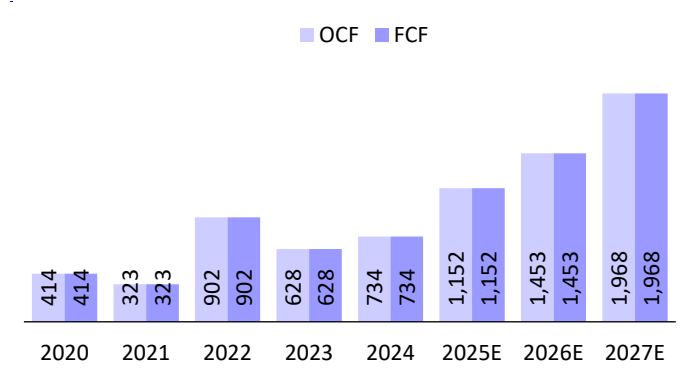


Exhibit 7: NWC days declined continuously and we expect it to be at comfortable levels



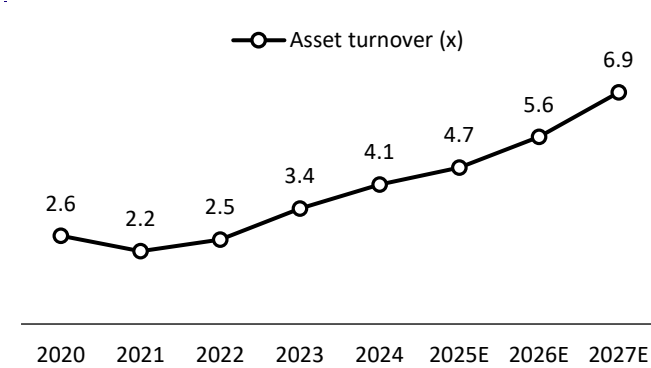
Source: Company, MOFSL

Exhibit 8: OCF & FCF to remain healthy on negative working capital and low capex (INR m)



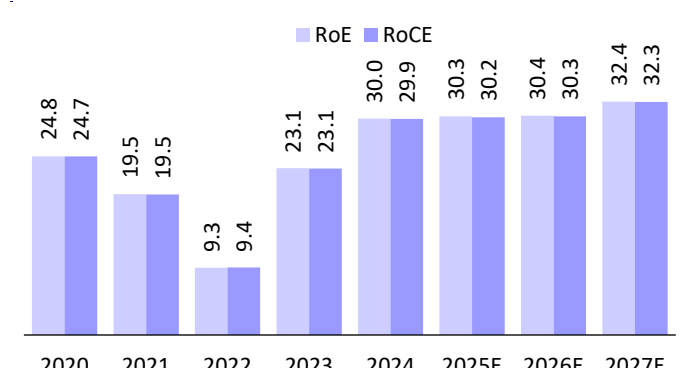
Source: Company, MOFSL

Exhibit 9: Asset turnover to inch up on higher aftermarket contribution (x)



Source: Company, MOFSL

Exhibit 10: 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	20,328	26,533	35,587
Change (%)	-14.1	21.3	46.4	32.6	22.9	30.5	34.1
Employees Cost	870	1,029	1,285	1,613	2,134	2,786	3,737
Other Expenses	1,118	1,164	2,381	3,547	4,066	5,307	7,117
Total Expenditure	5,550	6,896	10,138	13,352	16,262	21,359	28,648
% of Sales	79.0	80.9	81.3	80.7	80.0	80.5	80.5
EBITDA	1,476	1,626	2,338	3,188	4,066	5,174	6,940
Margin (%)	21.0	19.1	18.7	19.3	20.0	19.5	19.5
Depreciation	202	203	199	208	251	273	295
EBIT	1,274	1,424	2,139	2,980	3,814	4,900	6,644
Int. and Finance Charges	11	10	10	27	20	27	36
Other Income	244	253	426	624	788	905	1,221
PBT bef. EO Exp.	1,506	1,666	2,555	3,578	4,582	5,779	7,829
EO Items	-185	1,982	0	0	0	0	0
PBT after EO Exp.	1,321	3,648	2,555	3,578	4,582	5,779	7,829
Total Tax	296	946	626	883	1,152	1,453	1,968
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	3,430	4,326	5,861
Adjusted PAT	1,168	1,234	1,925	2,691	3,430	4,326	5,861
Change (%)	-4.1	5.6	56.1	39.8	27.5	26.1	35.5
Margin (%)	16.6	14.5	15.4	16.3	16.9	16.3	16.5

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	11,750	14,865	19,085
Net Worth	6,376	8,566	7,604	9,598	12,068	15,183	19,403
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
Capital Employed	6,427	8,610	7,657	9,702	12,172	15,286	19,506
Gross Block	3,342	3,449	3,820	4,170	4,570	4,970	5,370
Less: Accum. Deprn.	903	1,071	1,214	1,422	1,673	1,946	2,242
Net Fixed Assets	2,440	2,378	2,606	2,748	2,897	3,024	3,128
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	11,655	14,899	20,536
Inventory	1,596	1,617	2,000	2,263	3,342	4,362	5,850
Account Receivables	771	1,015	1,293	1,781	2,228	2,908	3,900
Cash and Bank Balance	1,164	2,731	2,849	4,025	4,498	5,558	8,007
Other Current Assets	437	709	716	1,044	1,588	2,072	2,779
Curr. Liability & Prov.	2,992	4,738	5,742	6,835	9,029	11,785	15,807
Account Payables	745	1,091	1,143	1,746	1,838	2,399	3,217
Other Current Liabilities	2,076	3,403	4,260	4,585	6,683	8,723	11,700
Provisions	171	245	339	505	508	663	890
Net Current Assets	977	1,333	1,117	2,278	2,626	3,114	4,729
Appl. of Funds	6,427	8,610	7,657	9,702	12,172	15,286	19,506

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	10.8	13.6	18.4
Cash EPS	4.3	4.5	6.7	9.1	11.6	14.5	19.4
BV/Share	20.1	26.9	23.9	30.2	38.0	47.8	61.0
DPS	2.2	1.6	1.6	2.4	3.0	3.8	5.2
Payout (%)	69.4	18.5	26.0	28.0	28.0	28.0	28.0
Valuation (x)							
P/E	168.4	159.5	102.2	73.1	57.4	45.5	33.6
Cash P/E	143.6	137.0	92.6	67.9	53.4	42.8	32.0
P/BV	30.9	23.0	25.9	20.5	16.3	13.0	10.1
EV/Sales	27.8	22.8	15.5	11.7	9.5	7.2	5.3
EV/EBITDA	132.5	119.3	83.0	60.5	47.3	37.0	27.2
Dividend Yield (%)	0.4	0.3	0.3	0.4	0.5	0.6	0.8
FCF per share	5.5	13.2	4.9	7.5	10.8	15.1	20.8
Return Ratios (%)							
RoE	20.0	16.5	23.8	31.3	31.7	31.8	33.9
RoCE	20.1	16.6	23.9	31.6	31.8	31.9	34.0
Working Capital Ratios							
Fixed Asset Turnover (x)	2.1	2.5	3.3	4.0	4.4	5.3	6.6
Asset Turnover (x)	1.1	1.0	1.6	1.7	1.7	1.7	1.8
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	187.6	184.7	186.7
Net Debt/Equity	-0.7	-0.9	-0.9	-0.9	-0.9	-1.0	-1.0

Cash Flow Statement

Y/E March	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
(INR m)							
OP/(Loss) before Tax	1,321	3,648	2,555	3,576	4,582	5,779	7,829
Depreciation	202	203	199	208	251	273	295
Interest & Finance Charges	11	10	10	27	20	27	36
Direct Taxes Paid	-323	-902	-628	-734	-1,152	-1,453	-1,968
(Inc)/Dec in WC	796	1,570	230	181	125	571	834
CF from Operations	2,007	4,529	2,366	3,258	3,827	5,198	7,026
Others	-134	-195	-409	-547	0	0	0
CF from Operating incl EO	1,873	4,334	1,957	2,710	3,827	5,198	7,026
(Inc)/Dec in FA	-132	-148	-384	-312	-400	-400	-400
Free Cash Flow	1,740	4,187	1,573	2,399	3,427	4,798	6,626
(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	-2,900	-2,900
Inc/(Dec) in Debt	-2	-20	-1	0	0	0	0
Interest Paid	-11	-10	-10	-27	-20	-27	-36
Dividend Paid	0	-711	-501	-731	-960	-1,211	-1,641
Others	-2	1	-2,335	14	27	0	0
CF from Fin. Activity	-16	-740	-2,847	-744	-954	-1,238	-1,677
Inc/Dec of Cash	-288	-268	-28	-6	473	1,060	2,449
Opening Balance	658	593	325	297	291	765	1,824
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	4,498	5,558	8,007

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

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

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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