

Retail Equity Research
Triveni Turbine Ltd.
Capital Goods

BUY

BSE CODE : 533655 NSE CODE: TRITURBINE
BLOOMBERG CODE: TRIV:IN SENSEX : 76,811

12 Months Investment Period Rating as per Small Cap

CMP Rs. 566 TARGET Rs. 679 RETURN 20% ↑
(Closing: 13-06-24)

KEY CHANGES:

TARGET ↑

RATING ↑

EARNINGS ↑

Rising export order to aid FY25 outlook...

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.

- TTL reported in-line Q4FY24 revenue growth of 24% YoY, led by superior execution in the Product segment (42% YoY) and higher sales from the domestic market.
- EBITDA margin improved by 1670bps YoY to 19.6%, due to favourable product mix & moderation in other expenses.
- The order book grew by 17% YoY, supported by 51% YoY growth in export orders in FY24. Robust growth in order booking with an improvement in export contribution (52% mix) provides visibility for both revenue and profitability for FY25.
- The total production capacity of TTL is currently at 250+, and the current capacity utilization is at 75%.
- We remain positive on the stock due to TTL's focus on renewable, waste to heat recovery and healthy margins which will drive growth in FY25. We therefore revise our rating to BUY and value the stock at a P/E of 48x on FY26E EPS with a TP of Rs. 679.

Execution to pick up...

In Q4FY24, TTL's revenue grew by 24%YoY to Rs. 458cr, which is in line with our estimate, due to strong execution in the product segment (42% YoY to Rs 314cr). The export revenue during the quarter increased by 33.4% YoY to Rs 238cr, while the domestic topline grew by 15% YoY to Rs. 220cr. Due to increasing visibility in international orders, the management has increased the workforce by 19% YoY in FY24 and is expected to further increase by 20-25% in FY25. Gross margin declined by 134bps YoY to 50.5% in Q4FY24 due to increase in subcontracting expenses, while the EBITDA margin increased by 167bps YoY to 19.6%. With the given prospects in the international market, we expect execution to pick up pace in the coming years.

Strong order book...

In FY24, the order book grew by 17% YoY to Rs. 1,552cr (which is 1x FY24 revenue), aided by 51.1% YoY growth in export order inflow in FY24. The domestic order inflow in Q4FY24 declined by 34% YoY to Rs176cr, due to a delay in the finalization of the order on account of the election. The mix of export order books increased to 52% in FY24 compared to 42% in FY23, which will support the margin and profitability in FY25-FY26. The management guided that the expectations for medium-term business performance remain robust, supported by a substantial backlog of orders in renewable, API and IPG (Industrial Power Generation) turbines, along with a strong inquiry pipeline. We expect the order book to grow at a CAGR of 17% over FY24-FY26 aided by strong traction in the international market and government thrust over infra spending.

Valuations

The increasing share of the export order book would aid profitability in the coming quarters. We expect the product business to continue to witness healthy traction, while an increasing share of the aftermarket mix will drive revenue growth. Therefore, we revise our rating to BUY and value the stock at a P/E of 48x on FY26E EPS with a TP of Rs 679.

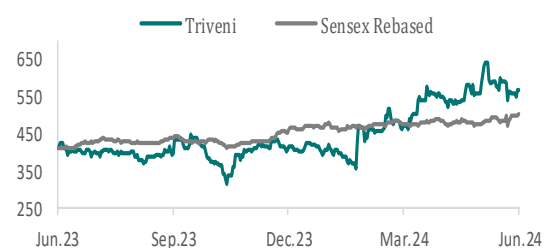
Company Data

Market Cap (cr)	₹ 18,691
Enterprise Value (cr)	₹ 18,624
Outstanding Shares (cr)	32
Free Float	35%
Dividend Yield	0.31%
52 week high	₹ 675
52 week low	₹ 312
6m average volume (lac)	1.35
Beta	1.12
Face value	₹ 1

Shareholding (%)	Q2FY24	Q3FY24	Q4FY24
Promoters	55.8	55.8	55.8
FII's	27.7	27.3	27.3
MFs/Insti	11.7	12.5	12.7
Public	4.8	4.4	4.2
Total	100.0	100.0	100.0
Promoter Pledge (%)	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	20%	36%	38%
Absolute Sensex	6%	7%	21%
Relative Return*	14%	29%	16%

*over or under performance to benchmark index



Consolidated (cr)	FY24A	FY25E	FY26E
Sales	1,654	2,145	2,668
Growth (%)	32.6	29.7	24.4
EBITDA	318.8	439.8	560.3
EBITDA Margin(%)	19.27	20.50	21.00
PAT Adj.	269.3	378.1	466.9
Growth (%)	39.6	40.4	23.5
Adj.EPS	8.2	11.5	14.2
Growth (%)	39.6	40.4	23.5
P/E	69.4	49.4	40.0
P/B	21.5	15.4	11.3
EV/EBITDA	57.7	41.7	32.4
ROE (%)	36.3	36.8	33.1
D/E	0.0	0.0	0.0

Antu Eapan Thomas

Research Analyst



Quarterly Financials (Consolidated)

Profit & Loss

Rs (cr)	Q4FY24	Q4FY23	(%) YoY Growth	Q3FY24	(%) QoQ Growth	FY24	FY23	(%) YoY Growth
Sales	458	370	23.9	432	6.1	1,654	1,248	32.6
EBITDA	90	66	35.4	84	7.3	319	234	36.4
EBITDA margins (%)	19.6	17.9	167bps	19.4	22bps	19.3	18.7	54bps
Depreciation	5	5	5.8	5	-3.6	21	20	4.3
EBIT	85	61	37.8	78	8.1	298	214	39.4
Interest	1	1	48.0	1	25.4	3	1	168.7
Other Income	17	12	37.1	17	-0.6	62	43	46.0
Exceptional Items	0.0	-	0.0	-	0.0	-0.2	-	0.0
PBT	101	73	37.6	95	6.4	357	256	39.9
Tax	25	18	42.5	26	-4.4	88	63	41.0
Reported PAT	76	56	37.0	68	11.6	269	193	39.7
Adjustments	-	-	0.0	-	0.0	-	-	0.0
Adj PAT	70	56	25.9	68	2.5	263	193	36.5
No. of Shares	32	32		32		32	32	
EPS (Rs)	2.2	1.7	25.9	2.1	2.5	8.1	6.0	36.5

Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Revenue	2,113	2,583	2,145	2,668	1.5	3.3
EBITDA	433	517	440	560	1.6	8.4
Margins (%)	20.5	20.0	20.5	21.0	1bps	98bps
Adj. PAT	369	429	378	467	2.5	8.8
EPS	11.2	13.0	11.5	14.2	2.3	8.8

Consolidated Financials

PROFIT & LOSS

Y.E March (Rs. cr)	FY22A	FY23A	FY24A	FY25E	FY26E
Revenue	852	1,248	1,654	2,145	2,668
% change	21.3	46.4	32.6	29.7	24.4
EBITDA	163	234	319	440	560
% change	10.2	43.7	36.4	37.9	27.4
Depreciation	20	20	21	20	21
EBIT	142	214	298	420	539
Interest	1	1	3	1	1
Other Income	29	43	62	75	80
PBT	369	256	358	494	618
% change	190.9	-30.8	40.0	38.0	25.3
Tax	95	63	88	121	152
Tax Rate (%)	25.6	24.5	24.7	24.5	24.5
Reported PAT	270	193	269	378	467
Adj*	198	0	0	0	0
Adj PAT	72	193	269	378	467
% change	-40.5	167.9	39.6	40.4	23.5
No. of shares (cr)	32	32	32	32	32
Adj EPS (Rs.)	2.2	5.8	8.2	11.5	14.2
% change	0	2	0	0	0
DPS (Rs.)	2.6	1.8	1.2	1.2	1.2

CASH FLOW

Y.E March (Rs. cr)	FY22A	FY23A	FY24A	FY25E	FY26E
Net inc. + Depn.	389	275	378	514	639
Non-cash adj.	-85	-48	-66	-107	-146
Changes in W.C	113	30	-92	-176	-164
C.F. Operation	418	257	221	230	330
Capital exp.	16	-13	-49	-50	-50
Change in inv.	-181	145	-50	-57	-66
Other invest.CF	-10	-13	-20	-13	-5
C.F - Investment	-175	119	-118	-120	-121
Issue of equity	0	0	0	0	0
Issue/repay debt	9	-1	-3	0	0
Dividends paid	-83	-59	-38	-38	-38
Other finance.CF	-55	-406	12	5	0
C.F - Finance	-131	-464	-34	-34	-39
Chg. in cash	111	-88	69	77	170
Closing cash	305	217	286	363	533

BALANCE SHEET

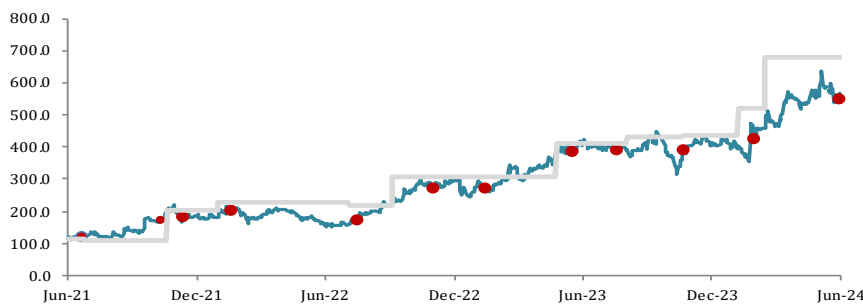
Y.E March (Rs. cr)	FY22A	FY23A	FY24A	FY25E	FY26E
Cash	273	207	286	363	533
Accounts Receivable	101	98	150	235	329
Inventories	162	197	227	349	452
Other Cur. Assets	67	52	68	82	95
Investments	478	332	382	439	505
Gross Fixed Assets	345	365	415	465	515
Net Fixed Assets	238	253	259	289	317
CWIP	3	5	4	4	4
Intangible Assets	9	4	4	4	5
Def. Tax (Net)	-3	-4	-5	-5	-5
Other Assets	4	1	4	4	4
Total Assets	1,331	1,144	1,379	1,765	2,240
Current Liabilities	435	478	483	524	561
Provisions	25	28	29	34	43
Debt Funds	0	-	-	-	-
Other Liabilities	14	13	10	10	10
Equity Capital	32	32	32	32	32
Reserves & Surplus	824	593	825	1,165	1,594
Shareholder's Fund	857	625	857	1,197	1,626
Total Liabilities	1,331	1,144	1,379	1,765	2,240
BVPS (Rs.)	26	20	27	37	50

RATIOS

Y.E March	FY22A	FY23A	FY24A	FY25E	FY26E
Profitab. & Return					
EBITDA margin (%)	19.1	18.7	19.3	20.5	21.0
EBIT margin (%)	16.7	17.1	18.0	19.6	20.2
Net profit mgn.(%)	8.4	15.5	16.3	17.6	17.5
ROE (%)	9.6	26.0	36.3	36.8	33.1
ROCE (%)	7.1	20.0	28.0	27.7	24.8
W.C & Liquidity					
Receivables (days)	38.2	29.2	27.3	32.7	38.6
Inventory (days)	124.7	101.1	94.3	99.0	110.7
Payables (days)	255.8	226.9	195.0	168.4	138.2
Current ratio (x)	1.3	1.1	1.4	1.8	2.3
Quick ratio (x)	0.9	0.6	0.3	0.4	0.6
Turnover & Leverage					
Gross asset T.O (x)	2.4	3.5	4.2	4.9	5.4
Total asset T.O (x)	0.8	1.0	1.3	1.4	1.3
Int. coverage ratio (x)	139.2	216.0	112.0	419.5	674.0
Adj. debt/equity (x)	0.0	0.0	0.0	0.0	0.0
Valuation					
EV/Sales (x)	22.7	15.6	11.7	9.0	7.2
EV/EBITDA (x)	119.1	83.1	60.7	43.8	34.1
P/E (x)	272.8	101.8	72.9	51.9	42.1
P/BV (x)	22.7	30.5	22.6	16.1	11.9



Recommendation Summary (Last 3 years)



Source: Bloomberg, Geojit Research.

Dates	Rating	Target
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
22-Feb-24	Accumulate	520
14-Jun-24	BUY	679

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.

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

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