

Triveni Turbine Ltd.

BUY

Sector: Capital Goods

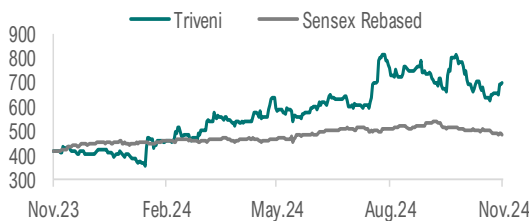
25th November 2024

Key Changes	Target ▲	Rating ▲	Earnings ▲	Target	Rs.835		
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP	Rs.687
Small Cap	TRIV:IN	79,117	TRITURBINE	533655	12 Months	Return	+22%

Data as of: 22-11 2024

Company Data			
Market Cap (Rs Cr)	22,656		
52 Week High — Low (Rs.)	843-351		
Enterprise Value (cr)	22,275		
Outstanding Shares (cr)	32.0		
Free Float (%)	44.2		
Dividend Yield (%)	0.4		
6m average volume (cr)	0.2		
Beta	0.9		
Face value (Rs)	1		
Shareholding (%)	Q4FY24	Q1FY25	Q2FY25
Promoters	55.8	55.8	55.8
FII's	27.3	27.5	27.5
MFs/Insti	12.7	12.3	12.3
Public	4.2	4.3	4.3
Total	100.0	100.0	100.0
Promoter Pledge (%)	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	-4%	18%	68%
Absolute Sensex	-5%	2%	17%
Relative Return*	0%	16%	51%

*over or under performance to benchmark index



Consolidated (cr)	FY25E	FY26E	FY27E
Sales	2,184	2,767	3,279
Growth (%)	32.0	26.7	18.5
EBITDA	469.5	567.1	672.1
EBITDA Margin(%)	21.50	20.50	20.50
PAT Adj.	394.2	469.8	551.0
Growth (%)	46.4	19.2	17.3
Adj.EPS	11.9	14.2	16.7
Growth (%)	46.4	19.2	17.3
P/E	57.5	48.2	41.1
P/B	18.4	13.5	10.3
EV/EBITDA	47.4	39.0	32.5
ROE (%)	38.1	32.9	29.0
D/E	0.0	0.0	0.0

Author: Antu Eapan Thomas - Sr. Research Analyst

Export business will energise 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.

- TTL reported a strong revenue growth of 29% YoY in Q2FY25, led by superior execution in the Product segment (26% YoY) and aftermarket business (38% YoY).
- EBITDA margin improved by 306bps YoY to 22.2%, due to better revenue mix and a drop in other expenses.
- The order book grew by 22% YoY, supported by 33% YoY growth in order inflows in H1FY25. Strong growth in export orders by 74% YoY, combined with an improvement in export contribution (61% mix), provides visibility for both revenue and profitability for FY25.
- Domestic order inflow remains weak in H1FY25 due to election, however TTL expects an improvement in the cycle on account of higher government spending and growing demand from sectors like steel, cement and renewable energy.

Outlook & Valuation

We expect the increasing share of the export order book, which has a superior margin profile would aid profitability in the coming quarters. The foray into the US market provides untapped opportunity on the refurbishment side which would drive the aftermarket revenue growth. We expect revenue/PAT to grow at a CAGR of 28%/27% respectively over FY24-FY27E. **We therefore revise our rating to BUY and value the stock at a P/E of 50x on FY27E EPS with a revised target price of Rs 835.**

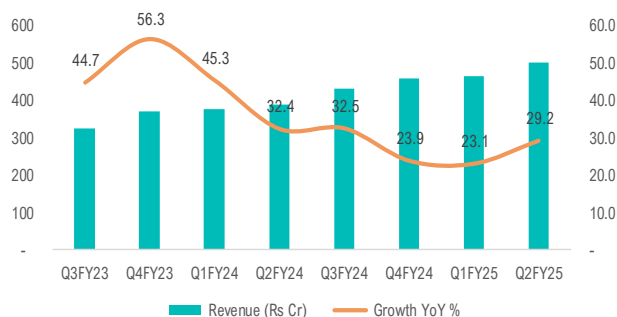
Quarterly Financials Consol.

Rs. cr	Q2FY25	Q2FY24	YoY (%)	Q1FY25	QoQ (%)	H1FY25	H1FY24	YoY (%)
Sales	501	388	29.2	463	8.2	964	764	26.2
EBITDA	111	74	49.8	96	16.5	207	145	42.5
Margin (%)	22.2	19.2	306bps	20.6	160bps	21.5	19.0	246bps
EBIT	105	69	52.1	89	17.7	195	135	44.0
PBT	124	83	49.5	108	15.1	232	162	43.5
Rep. PAT	91	64	42.1	80	13.2	171	125	37.1
Adj PAT	91	64	42.1	80	13.2	171	125	37.1
EPS (Rs)	2.8	2.0	42.1	2.5	13.2	5.3	3.9	37.1

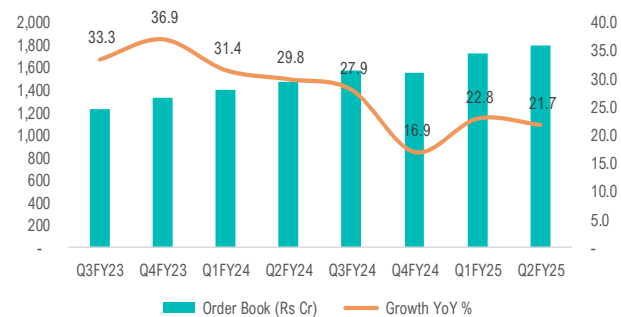
Key Concall Highlights

- International enquiry book remains robust, with strong demand from the API segment and industrial cogeneration.
- The aftermarket segment grew 13% in terms of order booking to a record high of Rs174cr in the current quarter and grew by 8% YoY in H1FY25.
- TTL sees increasing traction in Municipal Solid Waste (MSW) based power plant, cement and steel segments compared to the previous years.
- The company opened a workshop in the U.S. to service existing and new customers, focusing on refurbishment opportunities.
- The management anticipates the US business to incur Rs25cr loss in FY25 and would turn profitable in FY26.

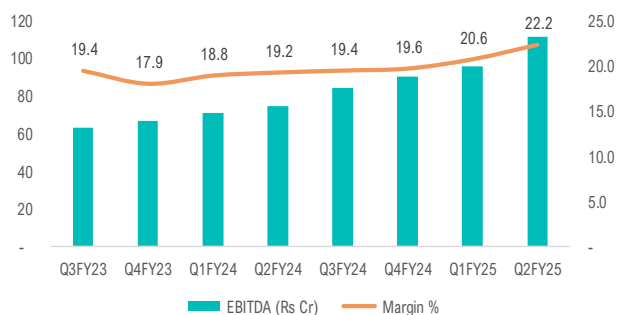
Revenue



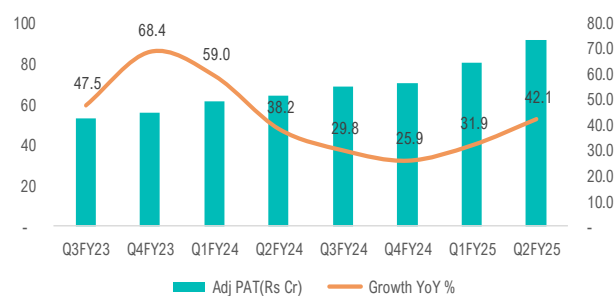
Order Book



EBITDA



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates			Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY27E	FY25E	FY26E
Revenue	2,197	2,759	2,184	2,767	3,279	-0.6	0.3
EBITDA	450	593	470	567	672	4.3	-4.4
Margins (%)	20.5	21.5	21.5	20.5	20.5	102bps	-99bps
Adj. PAT	386	496	394	470	551	2.1	-5.3
EPS	12	15	12	14	17	2.1	-5.1



Consolidated Financials

PROFIT & LOSS

Y.E March (Rs. cr)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue	1,248	1,654	2,184	2,767	3,279
% change	46.4	32.6	32.0	26.7	18.5
EBITDA	234	319	470	567	672
% change	43.7	36.4	47.3	20.8	18.5
Depreciation	20	21	24	27	30
EBIT	214	298	445	540	642
Interest	1	3	4	3	3
Other Income	42.6	62.2	80.0	85.0	90.0
PBT	256	358	522	622	730
% change	-30.8	40.0	45.9	19.2	17.3
Tax	63	88	133	152	179
Tax Rate (%)	25	25	26	25	25
Reported PAT	193	269	394	470	551
Adj*	0	0	0	0	0
Adj PAT	193	269	394	470	551
% change	167.9	39.6	46.4	19.2	17.3
No. of shares (cr)	32	32	32	32	32
Adj EPS (Rs.)	6	8	12	14	17
% change	1.7	0.4	0.5	0.2	0.2
DPS (Rs.)	1.8	1.2	1.2	1.2	1.2

CASH FLOW

Y.E March (Rs. cr)	FY23A	FY24A	FY25E	FY26E	FY27E
Net inc. + Depn.	275	378	546	649	760
Non-cash adj.	-48	-66	-112	-144	-171
Changes in W.C	30	-92	-179	-171	-161
C.F. Operation	257	221	255	334	427
Capital exp.	-13	-49	-50	-50	-50
Change in inv.	145	-50	-57	-66	-76
Other invest.CF	-13	-20	-18	-5	-5
C.F – Investment	119	-118	-125	-121	-131
Issue of equity	0	0	0	0	0
Issue/repay debt	-1	-3	0	0	0
Dividends paid	-59	-38	-38	-38	-38
Other finance.CF	-406	12	5	0	0
C.F – Finance	-464	-34	-36	-41	-41
Chg. in cash	-88	69	94	172	256
Closing cash	217	286	380	552	808

BALANCE SHEET

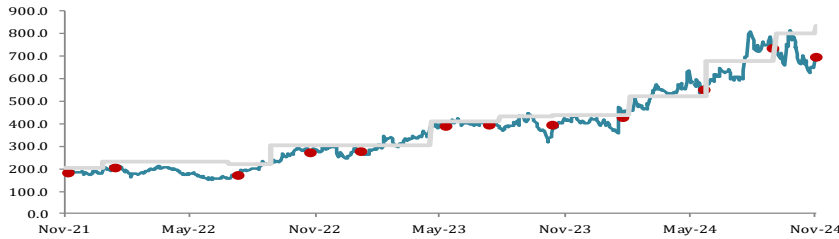
Y.E March (Rs. cr)	FY23A	FY24A	FY25E	FY26E	FY27E
Cash	207	286	380	552	808
Accounts Receivable	98	150	239	341	449
Inventories	197	227	355	474	606
Other Cur. Assets	52	68	84	99	117
Investments	332	382	439	505	581
Gross Fixed Assets	365	415	465	515	565
Net Fixed Assets	253	259	285	308	328
CWIP	5	4	4	4	4
Intangible Assets	4	4	4	5	5
Def. Tax (Net)	(4)	(5)	(5)	(5)	(5)
Other Assets	1	4	4	4	4
Total Assets	1,144	1,379	1,790	2,286	2,898
Current Liabilities	478	483	533	587	674
Provisions	28	29	34	44	55
Debt Funds	-	-	-	-	-
Other Liabilities	13	10	10	10	10
Equity Capital	32	32	32	32	32
Reserves & Surplus	593	825	1,181	1,613	2,126
Shareholder's Fund	625	857	1,213	1,645	2,159
Total Liabilities	1,144	1,379	1,790	2,286	2,898
BVPS (Rs.)	20	27	38	51	67

RATIOS

Y.E March	FY23A	FY24A	FY25E	FY26E	FY27E
Profitab. & Return					
EBITDA margin (%)	18.7	19.3	21.5	20.5	20.5
EBIT margin (%)	17.1	18.0	20.4	19.5	19.6
Net profit mgn.(%)	15.5	16.3	18.1	17.0	16.8
ROE (%)	26.0	36.3	38.1	32.9	29.0
ROCE (%)	20.0	28.0	28.4	24.8	21.8
W.C & Liquidity					
Receivables (days)	29.2	27.3	32.5	38.3	44.0
Inventory (days)	101.1	94.3	98.3	109.4	120.2
Payables (days)	226.9	195.0	165.5	131.9	111.3
Current ratio (x)	1.1	1.4	1.9	2.3	2.7
Quick ratio (x)	0.6	0.3	0.4	0.6	0.7
Turnover & Leverage					
Gross asset T.O (x)	3.5	4.2	5.0	5.6	6.1
Total asset T.O (x)	1.0	1.3	1.4	1.4	1.3
Int. coverage ratio (x)	216.0	112.0	127.2	180.1	247.1
Adj. debt/equity (x)	0.0	0.0	0.0	0.0	0.0
Valuation					
EV/Sales (x)	18.0	13.5	10.2	8.0	6.7
EV/EBITDA (x)	96.0	70.2	47.4	39.0	32.5
P/E (x)	117.5	84.1	57.5	48.2	41.1
P/BV (x)	35.1	26.0	18.4	13.5	10.3






Recommendation Summary (last 3 years)



Source: Bloomberg, Geojit Research.

Dates	Rating	Target
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
23-Sep-24	Accumulate	803
25-Nov-24	BUY	835

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.			
Symbols definition:			
	Upgrade		No Change
			Downgrade

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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