

August 2, 2023

## Q1FY24 Result Update

Change in Estimates |  Target |  Reco

### Change in Estimates

	Current		Previous	
	FY24E	FY25E	FY24E	FY25E
<b>Rating</b>	ACCUMULATE		ACCUMULATE	
<b>Target Price</b>	419		416	
Sales (Rs. m)	16,278	20,447	16,184	20,091
% Chng.	0.6	1.8		
EBITDA (Rs. m)	3,222	4,383	3,268	4,367
% Chng.	(1.4)	0.4		
EPS (Rs.)	8.3	11.3	8.3	11.3
% Chng.	(0.9)	0.6		

### Key Financials - Consolidated

Y/e Mar	FY22	FY23	FY24E	FY25E
Sales (Rs. m)	8,522	12,476	16,278	20,447
EBITDA (Rs. m)	1,627	2,338	3,222	4,383
Margin (%)	19.1	18.7	19.8	21.4
PAT (Rs. m)	1,228	1,925	2,624	3,598
EPS (Rs.)	3.8	6.1	8.3	11.3
Gr. (%)	5.3	59.5	36.3	37.1
DPS (Rs.)	2.6	-	2.9	4.0
Yield (%)	0.6	-	0.7	1.0
RoE (%)	16.4	23.8	31.0	34.3
RoCE (%)	19.1	26.5	35.5	39.6
EV/Sales (x)	14.2	9.6	7.3	5.8
EV/EBITDA (x)	74.6	51.3	37.0	27.0
PE (x)	104.9	65.8	48.3	35.2
P/BV (x)	15.0	16.7	13.6	10.9

### Key Data

TRVT.BO | TRIV IN

52-W High / Low	Rs.431 / Rs.182
Sensex / Nifty	65,783 / 19,527
Market Cap	Rs.127bn/ \$ 1,533m
Shares Outstanding	318m
3M Avg. Daily Value	Rs.372.94m

### Shareholding Pattern (%)

Promoter's	55.84
Foreign	26.78
Domestic Institution	12.57
Public & Others	4.81
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	(2.1)	52.6	107.2
Relative	(3.6)	39.0	83.1

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## Outlook continues to remain healthy

### Quick Pointers:

- Order inflows grew ~26.6% YoY to Rs4.5bn, aided by 43.3% YoY growth in aftermarket.
- Enquiry generation grew 22% YoY, mainly driven by domestic market (up 56% YoY).

**Triveni Turbine (TRIV) reported revenue growth of 45.3% YoY, driven by aftermarket growth (up 90.8% YoY). Despite gross margin expansion of ~841bps YoY, EBITDA margin remained flat at 18.8%, due to sub-contracting charges related to refurbishment order in South Africa (SADC). Enquiry pipeline remains strong from domestic as well as exports market, thereby providing order inflow visibility. Domestic ordering activity is likely to improve from Q2FY24 (down 16% YoY in Q1FY24) given robust enquiry pipeline (up 56% YoY). API turbine is witnessing traction and likely to pick up its growth momentum, driven by increasing acceptance of TRIV as approved vendor globally. Aftermarket segment is likely to continue its growth momentum, mainly driven by refurbishment orders.**

**We believe TRIV is well placed to benefit from 1) continued strong inquiry pipeline (up 22% YoY) from domestic as well as exports market 2) strong market share (~50%) in domestic market (0-100MW), 3) traction from 30-100MW & API turbine, and 4) focus on aftermarket segment with strategy to penetrate into newer geographies for third party turbine refurbishment. We maintain 'Accumulate' rating on stock with revised TP of Rs419 (Rs416 earlier), valuing it at 37x FY25E (same as earlier).**

**Strong exports growth drives overall revenue growth:** Consol sales came in better than estimates at Rs3.8bn (up 45.3% YoY; PLe ~Rs3.3bn). Domestic revenue grew ~20% YoY to Rs1.9bn and exports revenue grew ~88% YoY to Rs1.8bn. Gross margin expanded 841bps YoY to 51.5% in Q1FY24. EBITDA grew of 45.6% YoY to Rs709mn (PLe ~Rs633mn). Despite strong gross margin expansion, EBITDA margins remained flat YoY 18.8% in Q1FY24 (vs PL estimate of 19%), due to higher other expenses (up 143% YoY). Adj. PAT grew ~58.7% YoY to Rs607mn (PLe ~Rs506mn), led by healthy revenue growth and higher other income (up ~79% YoY to Rs134mn).

**Strong order inflow growth of ~26.6% YoY, driven by exports markets:** Order inflow grew 26.6% YoY to Rs4.5bn, driven by strong growth in exports market (up 128% YoY to Rs2.4bn), while domestic inflows declined 16% YoY to Rs2.1bn. Order book stands strong at Rs14bn (1x TTM revenue), comprising of domestic (57%) and exports (43%). Domestic market is likely to witness growth in ordering activity given strong growth in enquiry pipeline (up 56% YoY).

**Exhibit 1: Revenue growth of ~45% YoY and higher other income (up ~61% YoY) drives profitability**

Y/e March (Rs mn)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	YoY gr. (%)	QoQ gr. (%)	FY23	FY22	YoY gr. (%)
<b>Revenue</b>	<b>2,590</b>	<b>2,930</b>	<b>3,258</b>	<b>3,698</b>	<b>3,764</b>	<b>45.3</b>	<b>1.8</b>	<b>12,476</b>	<b>8,522</b>	<b>46.4</b>
<b>Total Revenues</b>	<b>2,590</b>	<b>2,930</b>	<b>3,258</b>	<b>3,698</b>	<b>3,764</b>	<b>45.3</b>	<b>1.8</b>	<b>12,476</b>	<b>8,522</b>	<b>46.4</b>
<b>Expenditure</b>	<b>2,104</b>	<b>2,373</b>	<b>2,627</b>	<b>3,034</b>	<b>3,055</b>	<b>45.2</b>	<b>0.7</b>	<b>10,138</b>	<b>6,896</b>	<b>47.0</b>
<i>as % of sales</i>	<i>81.2</i>	<i>81.0</i>	<i>80.6</i>	<i>82.1</i>	<i>81.2</i>			<i>81.3</i>	<i>80.9</i>	
Consumption of RM	1,475	1,562	1,675	1,781	1,827	23.8	2.6	6,471	4,703	37.6
<i>as % of sales</i>	<i>56.9</i>	<i>53.3</i>	<i>51.4</i>	<i>48.2</i>	<i>48.5</i>			<i>51.9</i>	<i>55.2</i>	
Employee Cost	291	308	333	354	406	39.6	14.6	1,285	1,029	24.9
<i>as % of sales</i>	<i>11.2</i>	<i>10.5</i>	<i>10.2</i>	<i>9.6</i>	<i>10.8</i>			<i>10.3</i>	<i>12.1</i>	
Other expenditure	338	504	619	900	823	143.4	(8.6)	2,381	1,164	104.6
<i>as % of sales</i>	<i>13.0</i>	<i>17.2</i>	<i>19.0</i>	<i>24.3</i>	<i>21.9</i>			<i>19.1</i>	<i>13.7</i>	
<b>EBITDA</b>	<b>487</b>	<b>557</b>	<b>631</b>	<b>663</b>	<b>709</b>	<b>45.6</b>	<b>6.8</b>	<b>2,338</b>	<b>1,627</b>	<b>43.7</b>
Depreciation	51	49	49	50	49	(4.9)	(2.2)	199	203	(1.9)
<b>EBIT</b>	<b>435</b>	<b>508</b>	<b>582</b>	<b>614</b>	<b>660</b>	<b>51.5</b>	<b>7.6</b>	<b>2,139</b>	<b>1,424</b>	<b>50.2</b>
Other Income	75	108	119	125	134	79.2	7.0	426	295	44.5
Interest	2	2	1	5	7	208.3	48.0	10	10	(3.2)
Extra ordinary items	-	-	-	-	-	-	-	-	1,982	-
<b>PBT</b>	<b>508</b>	<b>614</b>	<b>700</b>	<b>733</b>	<b>786</b>	<b>54.9</b>	<b>7.2</b>	<b>2,555</b>	<b>3,690</b>	<b>(30.8)</b>
Total Tax	124	151	174	177	177	42.1	(0.3)	626	946	(33.8)
<b>PAT</b>	<b>383</b>	<b>463</b>	<b>526</b>	<b>556</b>	<b>609</b>	<b>59.0</b>	<b>9.6</b>	<b>1,929</b>	<b>2,744</b>	<b>(29.7)</b>
(Profit)/loss from JV's/Ass/MI	(1)	-	-	(1)	(2)	-	-	3	(42)	-
<b>PAT after JV/MI</b>	<b>383</b>	<b>463</b>	<b>526</b>	<b>555</b>	<b>607</b>	<b>58.7</b>	<b>9.4</b>	<b>1,925</b>	<b>2,702</b>	<b>(28.6)</b>
<b>Adj PAT</b>	<b>383</b>	<b>463</b>	<b>526</b>	<b>555</b>	<b>607</b>	<b>58.7</b>	<b>9.4</b>	<b>1,925</b>	<b>1,228</b>	<b>57</b>
<b>Adjusted EPS</b>	<b>1.2</b>	<b>1.4</b>	<b>1.6</b>	<b>1.7</b>	<b>1.9</b>	<b>58.7</b>	<b>9.4</b>	<b>6.1</b>	<b>3.9</b>	<b>57</b>
<b>Margins (%)</b>	<b>Q1FY23</b>	<b>Q2FY23</b>	<b>Q3FY23</b>	<b>Q4FY23</b>	<b>Q1FY24</b>	<b>bps</b>	<b>bps</b>	<b>FY23</b>	<b>FY22</b>	<b>bps</b>
EBIDTA	18.8	19.0	19.4	17.9	18.8	4	89	18.7	19.1	(35)
EBIT	16.8	17.3	17.9	16.6	17.5	72	94	17.1	16.7	44
EBT	19.6	21.0	21.5	19.8	20.9	129	105	20.5	43.3	(2,282)
PAT	14.8	15.8	16.1	15.0	16.1	136	112	15.5	14.4	105
Effective Tax rate	24.5	24.5	24.9	24.2	22.5	(202)	(169)	24.5	25.6	(112)

Source: Company, PL

## Conference Call Highlights

- **Product enquiry pipeline continues to remain strong up 22% YoY**, driven by domestic enquiries (up 56% YoY) led by sugar, IPP, steel, oil & gas.
  - Exports enquiry growth was mainly driven by renewable energy.
- **Exports order inflow grew 128% YoY to Rs2.4bn**, driven by newer geographical penetration, new customer acquisition and strong growth from existing customers. Received orders from Europe, South East Asia, Africa and Americas.
- **Domestic ordering activity is likely to improve from Q2FY24** (down 16% YoY in Q1FY24) given robust enquiry pipeline (up 56% YoY).
- **API Turbine:** Pipeline stands strong from API turbines with increasing acceptance as approved vendor for TRIV globally.
- **Domestic:** Growth to be driven by demand for heating and cooling solutions for industrial applications. WHR demand from cement sector is expected to remain strong.
- **Exports:** Renewable energy, waste to energy, etc. are driving demand in key exports market.
- **Aftermarket segment:** Expect the refurbishment business to grow faster than parts and service in the coming years.
- **Capex:** Major capex will be towards maintenance capex, as company currently has sufficient capacity to meet demand for next couple of years.
- Global market share (exl. China and Japan) of the company stands at ~22-24%.
- Domestic market share stands ~45-50% for 0-100MW turbines.
- Cash including investment stands at Rs7.5bn (up11.3% QoQ).

## Financials

### Income Statement (Rs m)

Y/e Mar	FY22	FY23	FY24E	FY25E
<b>Net Revenues</b>	<b>8,522</b>	<b>12,476</b>	<b>16,278</b>	<b>20,447</b>
YoY gr. (%)	21.3	46.4	30.5	25.6
Cost of Goods Sold	4,703	6,471	8,409	10,501
Gross Profit	3,820	6,004	7,869	9,946
Margin (%)	44.8	48.1	48.3	48.6
Employee Cost	1,029	1,285	1,693	2,147
Other Expenses	830	1,863	2,263	2,526
<b>EBITDA</b>	<b>1,627</b>	<b>2,338</b>	<b>3,222</b>	<b>4,383</b>
YoY gr. (%)	10.2	43.7	37.8	36.1
Margin (%)	19.1	18.7	19.8	21.4
Depreciation and Amortization	203	199	218	232
<b>EBIT</b>	<b>1,424</b>	<b>2,139</b>	<b>3,004</b>	<b>4,152</b>
Margin (%)	16.7	17.1	18.5	20.3
Net Interest	10	10	10	12
Other Income	295	426	505	658
<b>Profit Before Tax</b>	<b>3,690</b>	<b>2,555</b>	<b>3,499</b>	<b>4,798</b>
Margin (%)	43.3	20.5	21.5	23.5
Total Tax	946	626	875	1,199
Effective tax rate (%)	25.6	24.5	25.0	25.0
<b>Profit after tax</b>	<b>2,744</b>	<b>1,929</b>	<b>2,624</b>	<b>3,598</b>
Minority interest	0	3	-	-
Share Profit from Associate	(42)	-	-	-
<b>Adjusted PAT</b>	<b>1,228</b>	<b>1,925</b>	<b>2,624</b>	<b>3,598</b>
YoY gr. (%)	5.3	56.8	36.3	37.1
Margin (%)	14.4	15.4	16.1	17.6
Extra Ord. Income / (Exp)	1,474	-	-	-
<b>Reported PAT</b>	<b>2,702</b>	<b>1,925</b>	<b>2,624</b>	<b>3,598</b>
YoY gr. (%)	163.7	(28.7)	36.3	37.1
Margin (%)	31.7	15.4	16.1	17.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	2,702	1,925	2,624	3,598
<b>Equity Shares O/s (m)</b>	<b>323</b>	<b>318</b>	<b>318</b>	<b>318</b>
<b>EPS (Rs)</b>	<b>3.8</b>	<b>6.1</b>	<b>8.3</b>	<b>11.3</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY22	FY23	FY24E	FY25E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>3,449</b>	<b>3,876</b>	<b>4,076</b>	<b>4,376</b>
Tangibles	3,449	3,876	4,076	4,376
Intangibles	-	-	-	-
<b>Acc: Dep / Amortization</b>	<b>1,071</b>	<b>1,270</b>	<b>1,488</b>	<b>1,720</b>
Tangibles	1,071	1,270	1,488	1,720
Intangibles	-	-	-	-
<b>Net fixed assets</b>	<b>2,378</b>	<b>2,606</b>	<b>2,588</b>	<b>2,656</b>
Tangibles	2,378	2,606	2,588	2,656
Intangibles	-	-	-	-
Capital Work In Progress	123	141	141	141
Goodwill	-	-	-	-
Non-Current Investments	89	79	81	143
Net Deferred tax assets	(35)	(44)	(44)	(44)
Other Non-Current Assets	103	105	114	225
<b>Current Assets</b>				
Investments	4,775	3,793	4,643	5,443
Inventories	1,617	2,000	2,141	2,577
Trade receivables	1,015	1,293	1,561	1,905
Cash & Bank Balance	2,731	2,849	2,900	2,956
Other Current Assets	433	376	399	593
<b>Total Assets</b>	<b>13,348</b>	<b>13,399</b>	<b>14,731</b>	<b>16,884</b>
<b>Equity</b>				
Equity Share Capital	323	318	318	318
Other Equity	8,242	7,286	8,991	11,330
<b>Total Networkth</b>	<b>8,566</b>	<b>7,604</b>	<b>9,309</b>	<b>11,648</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	-	-	-	-
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	1	-	-	-
Trade payables	1,091	1,143	1,249	1,400
Other current liabilities	3,648	4,598	4,119	3,782
<b>Total Equity &amp; Liabilities</b>	<b>13,348</b>	<b>13,399</b>	<b>14,731</b>	<b>16,884</b>

Source: Company Data, PL Research

**Cash Flow (Rs m)**

Y/e Mar	FY22	FY23	FY24E	FY25E
PBT	3,648	2,555	3,499	4,798
Add. Depreciation	203	199	218	232
Add. Interest	10	10	10	12
Less Financial Other Income	295	426	505	658
Add. Other	(195)	(409)	-	-
Op. profit before WC changes	3,666	2,355	3,726	5,042
Net Changes-WC	1,570	230	(823)	(1,415)
Direct tax	902	628	875	1,199
<b>Net cash from Op. activities</b>	<b>4,334</b>	<b>1,957</b>	<b>2,029</b>	<b>2,427</b>
Capital expenditures	(148)	(384)	(200)	(300)
Interest / Dividend Income	43	136	-	-
Others	(3,757)	1,111	(850)	(800)
<b>Net Cash from Inv. activities</b>	<b>(3,862)</b>	<b>862</b>	<b>(1,050)</b>	<b>(1,100)</b>
Issue of share cap. / premium	-	(2,361)	-	-
Debt changes	(25)	(5)	-	-
Dividend paid	(711)	(501)	(918)	(1,259)
Interest paid	(10)	(10)	(10)	(12)
Others	-	-	-	-
<b>Net cash from Fin. activities</b>	<b>(746)</b>	<b>(2,877)</b>	<b>(928)</b>	<b>(1,272)</b>
<b>Net change in cash</b>	<b>(274)</b>	<b>(58)</b>	<b>51</b>	<b>55</b>
Free Cash Flow	4,177	1,571	1,829	2,127

Source: Company Data, PL Research

**Key Financial Metrics**

Y/e Mar	FY22	FY23	FY24E	FY25E
<b>Per Share(Rs)</b>				
EPS	3.8	6.1	8.3	11.3
CEPS	4.4	6.7	8.9	12.0
BVPS	26.5	23.9	29.3	36.6
FCF	12.9	4.9	5.8	6.7
DPS	2.6	-	2.9	4.0
<b>Return Ratio(%)</b>				
RoCE	19.1	26.5	35.5	39.6
ROIC	44.7	40.4	65.0	67.2
RoE	16.4	23.8	31.0	34.3
<b>Balance Sheet</b>				
Net Debt : Equity (x)	(0.9)	(0.9)	(0.8)	(0.7)
Net Working Capital (Days)	66	63	55	55
<b>Valuation(x)</b>				
PER	104.9	65.8	48.3	35.2
P/B	15.0	16.7	13.6	10.9
P/CEPS	90.0	59.6	44.6	33.1
EV/EBITDA	74.6	51.3	37.0	27.0
EV/Sales	14.2	9.6	7.3	5.8
Dividend Yield (%)	0.6	-	0.7	1.0

Source: Company Data, PL Research

**Quarterly Financials (Rs m)**

Y/e Mar	Q2FY23	Q3FY23	Q4FY23	Q1FY24
<b>Net Revenue</b>	<b>2,930</b>	<b>3,258</b>	<b>3,698</b>	<b>3,764</b>
YoY gr. (%)	41.9	44.7	56.3	45.3
Raw Material Expenses	1,562	1,675	1,781	1,827
Gross Profit	1,368	1,583	1,917	1,937
Margin (%)	46.7	48.6	51.8	51.5
<b>EBITDA</b>	<b>557</b>	<b>631</b>	<b>663</b>	<b>709</b>
YoY gr. (%)	39.4	40.1	58.3	45.6
Margin (%)	19.0	19.4	17.9	18.8
Depreciation / Depletion	49	49	50	49
<b>EBIT</b>	<b>508</b>	<b>582</b>	<b>614</b>	<b>660</b>
Margin (%)	17.3	17.9	16.6	17.5
Net Interest	2	1	5	7
Other Income	108	119	125	134
<b>Profit before Tax</b>	<b>614</b>	<b>700</b>	<b>733</b>	<b>786</b>
Margin (%)	21.0	21.5	19.8	20.9
Total Tax	151	174	177	177
Effective tax rate (%)	24.5	24.9	24.2	22.5
<b>Profit after Tax</b>	<b>463</b>	<b>526</b>	<b>556</b>	<b>609</b>
Minority interest	-	-	1	2
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>463</b>	<b>526</b>	<b>555</b>	<b>607</b>
YoY gr. (%)	66.0	47.5	68.1	58.4
Margin (%)	15.8	16.1	15.0	16.1
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>463</b>	<b>526</b>	<b>555</b>	<b>607</b>
YoY gr. (%)	(73.3)	47.5	68.1	58.4
Margin (%)	15.8	16.1	15.0	16.1
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>463</b>	<b>526</b>	<b>555</b>	<b>607</b>
Avg. Shares O/s (m)	323	323	323	318
<b>EPS (Rs)</b>	<b>1.4</b>	<b>1.6</b>	<b>1.7</b>	<b>1.9</b>

Source: Company Data, PL Research

**Price Chart**
**Recommendation History**


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	06-Jul-23	Accumulate	416	396
2	17-May-23	Accumulate	416	398
3	11-Apr-23	BUY	340	332
4	24-Jan-23	BUY	340	276
5	04-Jan-23	BUY	328	245
6	03-Nov-22	BUY	328	283
7	04-Oct-22	UR	-	268
8	03-Aug-22	BUY	240	192

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ABB India	Accumulate	4,119	4,400
2	Apar Industries	Accumulate	4,100	3,782
3	Bharat Electronics	Accumulate	140	130
4	BHEL	Reduce	67	93
5	Carborundum Universal	BUY	1,501	1,203
6	Cummins India	Accumulate	1,750	1,916
7	Engineers India	Accumulate	116	120
8	GE T&D India	Hold	184	216
9	Grindwell Norton	BUY	2,604	2,191
10	Harsha Engineers International	Accumulate	474	432
11	Kalpataru Projects International	BUY	625	555
12	KEC International	Accumulate	578	598
13	Larsen & Toubro	BUY	2,955	2,560
14	Praj Industries	BUY	475	416
15	Siemens	Accumulate	4,018	3,731
16	Thermax	BUY	2,613	2,240
17	Triveni Turbine	Accumulate	416	396
18	Voltamp Transformers	Hold	3,961	4,069

**PL's Recommendation Nomenclature (Absolute Performance)**

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly



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